January 5, 1949

Report of the President to the Stockholders of United Artists Corporation for the period commencing August 5, 1947 and ending December 31, 1948

This report is intended to cover the operation of present management who assumed operation of your company as of August 5, 1947. It is further intended to supplement the Price, Waterhouse report for the year ending 1947 and such other balance sheets, interim reports or minutes furnished to the stockholders and directors during the period from August 5, 1947 to December 31, 1948. All actual figures included in the report were prepared under the supervision of Mr. Harry J. Muller, Treasurer of the company. All estimates were prepared by the President and Executive Vice-President with the assistance of the statistical departments of the domestic and foreign.

Your company was organized 1919 as a cooperative venture to distribute the pictures of the founders and such other producers who you and your original management considered competent and qualified to be associated with you. From time to time additional units of stock were issued to outstanding producers such as Joseph Schenck, Alexander Korda, David O. Selznick, Sam Goldwyn and others. The corporation operated for quite a few years holding fast to its original premise. Ultimately it became necessary for obvious economic reasons to grant releasing contracts to

non-stockholder producers. On August 5, 1947 the new management found the company with but two of the original stockholders remaining and with little or no working capital since the corporation's capital had been used to purchase the stock of David O. Selznick $2,000,000, Samuel Goldwyn , Alexander Korda $1,000,000, and others . The effect of these stock acquisitions was twofold. It depleted the company's working capital in the first instance as above stated and, secondly, it deprived the company of high quality, big grossing motion pictures. The pictures which have been produced by Mr. Goldwyn, Mr. Korda and Mr. Selznick since the purchase of their stock by the corporation have grossed many millions of dollars for their respective distributors.

On August 5, 1947 upon the election of Mr. Gradwell Sears as President and Mr. Arthur W. Kelly as Executive Vice-President, there was turmoil and dissent among the producers of United Artists Corporation because of what they termed the instability of management due to the failure of the stockholders to agree upon proper management. The election of Mr. Sears and Mr. Kelly was made known to the producers of United Artists who were in meeting assembled at the General Service Studio by the elected representatives of your company in person. This had a temporary stabilizing effect upon the producers.

A further revolt occurred at a later date when the following producers refused to complete their contracts with

United Artists Corporation: Mr. David Loew, Enterprise Productions; Mr. William Cagney, Cagney Productions; Mr. Benedict Bogeaus, Benedict Bogeaus Productions; and Monterey Productions, producer of RED RIVER.

The malicious and damaging articles which appeared from time to time in the trade press, unquestionably inspired by these recalcitrant producers, had a most devastating effect not only upon company morale and industry prestige, but particularly with the banks supplying first production money as well as those individuals and institutions who supply second and third production money. The net result of this propaganda campaign was to eliminate second and last money mediums completely. Hence a lot of conciliatory work and counter-propaganda had to be engineered by your officers to try and bring back the good will we had enjoyed with these institutions and individuals who were making some money available for production.

This so-called production revolt arose out of certain banking institutions, particularly Bankers Trust whose now executive Vice-President Mr. Alex Ardrey issued the statement that they would not finance producers releasing through United Artists Corporation until there was some evidence of financial stability to the company as follows:

A. That the Share Control of the company should pass to other hands.

B. That additional working capital be provided.

Immediately upon the election of Mr. Sears and Mr. Kelly, a conference took place between management and Mr. George Yousling, Vice-President of Security First National for the purpose of trying to raise a $5,000,000 production loan. The plan provided that all banks who ordinarily were in picture financing participate. The banks involved were Security First National, Bankers Trust Company, Bank of America, Guaranty Trust Company and possibly to be included were the Irving Trust Company and Bank of Manhattan, the two latter banks being in partnership on production loans with the Security First National of Los Angeles.

Having encouragement from these various institutions, the officers of the company proceeded to New York and a meeting between Mr. Gradwell Sears, Mr. Arthur Kelly and representatives of all the banks with the sole exception of the Bank of America took place in the Guaranty Trust Company's luncheon room at their Fifth Avenue branch. At this meeting it was apparent that a complete change of mind had taken place and that the expressed attitude of Mr. Alex Ardrey of the Bankers Trust Company prevailed.

Between August 1947 and March 1948 rumors were rampant that banks would not lend money to producers releasing through United Artists with the exception of the Bank of America which was largely true. These rumors and actions by the banks caused serious deterioration in the prestige of the company, even though Security First National attempted to soften the effect of their action by publicizing the fact that there was no boycott

against United Artists as such and that they would finance such producers as had worthwhile product. However, it is a known fact that the Security First National Bank made no production loans to anyone in the year 1948. Mr. George Wallace, the President, stated he would make no further loans until such time as his outstanding loans were substantially liquidated. The Bank of America therefore was the one institution that United Artists producers could fall back on until November 1948 when they stopped lending money against the negative as the sole collateral. Commencing in November 1948, the Bank of America are insisting on a hundred percent guarantee of any monies borrowed by a producer. The result of this action on the part of the Bank of America was catastrophic for independent production and more particularly United Artists.

With full realization of the pressure being brought in to play by the finance people on the recalcitrant producers aforementioned, your management decided to take on these producers one at a time in an endeavor to ~~xxjx~~ ajudicate whatever differences, real or fancied, existed between us.

Because of the vast amount of publicity which had been given to the proposed deal between Warner Brothers and the Cagney brothers for the distribution of THE TIME OF YOUR LIFE and subsequent pictures, it seemed to your management logical that rather than risk litigation on the performance of Cagneys contract which contained certain provisions relating to their ability to obtain financing, a compromise was in order. ~~xxxxxxxx~~ Protracted

conferences with the brothers Cagney resulted in a compromise under which Cagney agreed to deliver their completed picture THE TIME OF YOUR LIFE providing United Artists took a financial interest to the extent of $250,000 as second money coming behind the bank ~~loan of~~ $1,100,000. In consideration of this, the Cagneys agreed to waive their "sliding scale" terms and to be subject to 25 percent charge for distribution in United States and a straight 25 percent throughout the rest of the world and United Artists would receive 25 percent of the profits.

Next your management settled the controversy with Enterprise who agreed to deliver the three completed pictures available for release among which was ARCH OF TRIUMPH.

Benedict Bogeaus was our next objective as he had two pictures, namely CHRISTMAS EVE and ON OUR MERRY WAY completed. His lawyers and his financial backers had prevailed upon him to release through other channels since they considered his contract to be non-exclusive. This matter was ultimately resolved to the satisfaction of all concerned and Bogeaus was allowed to release LULU BELLE through Columbia because there was no financing available for a United Artists release. LULU BELLE proved to be a complete and utter disappointment at the boxoffice. As a result, our compromise was most satisfactory from a company standpoint.

Our next important problem, and one which would have had a most serious and telling effect on the future of United Artists had it not been resolved, was the non-delivery of the Monterey Production RED RIVER. This picture was originally

budgeted for $1,800,000 financed by the Security First National, Motion Picture Investors, Pacific Finance Corporation. The ultimate cost of this picture was $1,000,000 over the original budget. When the picture was finished, an attempt was made by the producers to secure guarantees and distribution contracts with other distributing companies, but your management insisted in its determination to safeguard the company's interest in holding Monterey to its contract. The financial institutions aforementioned threatened to foreclose on Monterey Productions claiming that the assets would be turned over to a trustee and that the trustee would have the freedom of action to distribute the picture through any medium it so desired. Management forced this matter to arbitration in accordance with its distribution contract and won the arbitration award with the aid of certain persons who were interested in the picture. In spite of the award the producers failed to deliver this picture for United Artists distribution until your president agreed that he would personally supervise the sale of this picture in the United States and further agreed that unless a circuit deal was obtained on the picture in England, it would be returned to the producer for distribution in Great Britain in any manner they saw fit. Management is happy to relate that a circuit deal was obtained in Great Britain and that RED RIVER has been to a large extent the salvation of your company's business in the latter part of 1948 and will continue to be for some months to come.

January 7, 1949

THE PICKFORD CORPORATION
9533 BRIGHTON WAY
BEVERLY HILLS, CALIFORNIA

CHARLES CHAPLIN
1416 NORTH LA BREA AVENUE
HOLLYWOOD, CALIFORNIA

BY SUBSEQUENT AGREEMENT WITH THE STOCKHOLDERS NOTICE OF DEFERRED ANNUAL MEETING SENT YOU UNDER DATE OF DECEMBER 22, 1948 AND MODIFIED UNDER DATE OF JANUARY 3, 1949 IS RESTORED TO READ AS SET OUT IN THE ORIGINAL NOTICE, NAMELY, THAT THE MEETING IS TO BE HELD AT THE OFFICE OF THE CORPORATION AT GENERAL SERVICE STUDIOS, HOLLYWOOD, LOS ANGELES, CALIFORNIA.

HARRY J. MULLER
ASSISTANT SECRETARY

JANUARY 3, 1949

THE PICKFORD CORPORATION
9533 BRIGHTON WAY
BEVERLY HILLS, CALIFORNIA

CHARLES CHAPLIN
1416 NORTH LA BREA AVENUE
HOLLYWOOD, CALIFORNIA

BY AGREEMENT WITH THE STOCKHOLDERS NOTICE OF DEFERRED ANNUAL MEETING SENT YOU UNDER DATE OF DECEMBER 22, 1948 IS TO READ "AT THE OFFICE OF THE CORPORATION, 729 SEVENTH AVENUE, NEW YORK, NEW YORK" IN PLACE OF "AT THE OFFICE OF THE CORPORATION AT GENERAL SERVICE STUDIOS, HOLLYWOOD, LOS ANGELES, CALIFORNIA". THERE ARE NO OTHER CHANGES IN THE NOTICE SENT YOU.

HARRY J. MULLER
ASSISTANT SECRETARY

12/22/48

The Pickford Corporation
9533 Brighton Way
Beverly Hills Calif.

Charles Chaplin
1416 North La Brea Avenue
Hollywood Calif.

THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION AT MEETING HELD DECEMBER 21, 1948 HAS FIXED JANUARY 17, 1949 AT 2:30 PM AT THE OFFICE OF THE CORPORATION AT GENERAL SERVICE STUDIOS, HOLLYWOOD, LOS ANGELES, CALIFORNIA FOR THE HOLDING OF THE DEFERRED ANNUAL MEETING OF STOCKHOLDERS FOR THE PURPOSE OF

ONE: ELECTING A BOARD OF NINE DIRECTORS.

TWO: APPROVING AND RATIFYING THE ACTS OF THE BOARD OF DIRECTORS AND OFFICERS OF SAID CORPORATION SINCE THE LAST ANNUAL MEETING OF SAID CORPORATION.

THREE: AUTHORIZING THE BOARD OF DIRECTORS IN ITS DISCRETION TO APPOINT THE FIRM OF PRICE, WATERHOUSE AND COMPANY OR ANOTHER FIRM OF ACCOUNTANTS OF COMPARABLE STANDING TO AUDIT THE BOOKS AND ACCOUNTS OF THE CORPORATION FOR THE CURRENT FISCAL YEAR.

AND FOR THE PURPOSE OF TRANSACTING SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE SAID MEETING OR ANY ADJOURNMENT OR ADJOURNMENTS THEREOF.

HARRY J. MULLER
ASSISTANT SECRETARY

ANNUAL STOCKHOLDERS' MEETING OF UNITED ARTISTS CORPORATION HELD AT THE OFFICE OF THE CORPORATION LOCATED AT GENERAL SERVICE STUDIOS, 1040 NORTH LAS PALMAS AVENUE, HOLLYWOOD, LOS ANGELES, CALIFORNIA ON MONDAY, JANUARY 17, 1949 AT 2:30 O'CLOCK, P.M.

Present: Charles Chaplin
Otis T. Bradley, Proxy for The Pickford Corporation
Miss Mary Pickford, Miss Aurelia Cowan, Arthur W. Kelly, Gradwell L. Sears, Selmer Chalif, Vitalis L. Chalif, George L. Bagnall, E. Claude Mills, Charles Schwartz, Morton Fearey, William Carmen, Paul D. O'Brien, Charles E. Millikan, Harold Weill, Harry J. Muller.

Mr. Weill was designated as temporary Chairman and Mr. Muller as temporary Secretary.

Mr. Weill called the meeting to order.

There was then filed with the temporary Secretary the proxy of The Pickford Corporation appointing Mr. Bradley as Proxy for The Pickford Corporation.

All the shares entitled to vote were represented either in person or by proxy.

The meeting then elected Mr. Weill as Chairman and Mr. Muller as Secretary.

There was then presented the affidavit of the call of the meeting by telegram and by registered mail and the Secretary was directed to attach the affidavit to the minutes of this meeting.

Upon motion duly made and seconded, it was resolved that the reading of the minutes of the previous meeting be dispensed with.

The Chairman then called for the report of the committee appointed by the directors and Mr. Mills, a member of said committee, then read to the meeting a very detailed report. There was considerable discussion concerning this report during which Mr. Bagnall read to the meeting a memorandum prepared by him.

The meeting then adjourned to Wednesday, January 19th, at 12 o'clock, Noon.

H. J. Muller
Harry J. Muller, Secretary

Harold Weill, Chairman

STATE OF NEW YORK)
) ss:
COUNTY OF NEW YORK)

HARRY J. MULLER, being first duly sworn, deposes and says:

He is the Assistant Secretary of United Artists Corporation; that he caused the attached telegraphic notices of deferred annual meeting of stockholders of United Artists Corporation to be sent by Western Union Telegraph and by registered mail on the dates indicated to each of the parties named at the head of said message and to the addresses listed thereon.

Harry J. Muller

Subscribed and sworn to
before me this 10th day
of January, 1949.

Harry Goldsmith

HARRY GOLDSMITH
NOTARY PUBLIC, State of New York
Residing in Queens County
Clerk's No. 9128
CERTIFICATE FILED IN
N. Y. Co. Clk's No. 925
Commission Expires March 30, 1949

WAIVER OF NOTICE OF SPECIAL MEETING

OF THE BOARD OF DIRECTORS

OF

UNITED ARTISTS CORPORATION

We, the undersigned, being all of the Directors of UNITED ARTISTS CORPORATION, do hereby waive notice of the time, place and purpose of a Special Meeting of the Board of Directors of said corporation, and do fix the 18th day of January, 1949 at 10 o'clock in the forenoon as the time, at the office of the corporation, at General Service Studios, 1040 North Las Palmas Avenue, Hollywood, Los Angeles, California, as the place of said meeting, and do consent to the transaction of such business as may lawfully come before said meeting.

Dated: January 18, 1949

Herbert P. Jacoby

Vitalis L. Chaly

Peter J. A. Cusack

Harold Wurl

[illegible]

C C Miles

E J Sears.

[illegible]

Charles Schwartz

MINUTES OF MEETING OF BOARD OF DIRECTORS
OF UNITED ARTISTS CORPORATION

A special meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation at General Service Studios, 1040 North Las Palmas Avenue, Hollywood, Los Angeles, California, Tuesday, January 18, 1949 at 10 A.M.

There were present:

Arthur W. Kelly
Vitalis L. Chalif
Charles Schwartz
Gradwell L. Sears
E. Claude Mills
Harold Weill

constituting a quorum.

There were also present Lester Cowan of Artists Alliance, Inc., George L. Bagnall, Vice President, Selmer Chalif, Paul D. O'Brien of O'Brien, Driscoll, Raftery and Lawler and Harry J. Muller, Assistant Secretary.

Mr. Sears acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to Waiver of Notice attached to these minutes.

2. THE PICKFORD CORPORATION

Mr. Cowan explained to the meeting that, whereas United Artists Corporation had agreed to defer 15% out of its 40% distribution fee on the re-issue of G.I.JOE limited only to the 70% of the receipts of G.I.JOE which go to Lester Cowan, the Chemical Bank and Trust Company have requested that United Artists Corporation defer 15% out of its 40% distribution fee based upon the entire receipts of the re-issue of G.I.JOE until the $75,000 loan

of the bank is repaid. After discussion and upon motion duly made and seconded, the request submitted by Mr. Cowan was granted.

The meeting then adjourned.

Gradwell L. Sears, Chairman

Harry J. Muller, Secretary

ANNUAL STOCKHOLDERS' MEETING OF UNITED ARTISTS CORPORATION HELD AT THE OFFICE OF THE CORPORATION LOCATED AT GENERAL SERVICE STUDIOS, 1040 NORTH LAS PALMAS AVENUE, HOLLYWOOD, LOS ANGELES, CALIFORNIA ON WEDNESDAY, JANUARY 19, 1949 AT 12 O'CLOCK, NOON.

Present: Otis T. Bradley, Proxy for The Pickford Corporation
Arthur W. Kelly, Proxy for Charles Chaplin
Charles Schwartz, Gradwell L. Sears, William Carmen,
Morton Pearey, Harold Weill, Harry J. Muller.

Mr. Weill acted as Chairman and Mr. Muller acted as Secretary.

The Chairman called the adjourned meeting to order and there was then presented the proxy of Charles Chaplin appointing Mr. Kelly his Proxy, which was read by the Chairman and filed with the Secretary.

Upon motion duly made, seconded and unanimously carried, it was resolved that the stockholders recommend that the Board of Directors of this corporation pass the following resolution:

Resolved, that with respect to the claim of Charles Chaplin in connection with THE GREAT DICTATOR with regard to the so-called Sliding Scale terms and the money accruing in connection with the so-called Silverstone Plan, that the corporation waive any defense to these claims based upon any statute of limitations, such waiver to continue until 30 days after written notice of withdrawal thereof given by this corporation to Mr. Chaplin and to be effective as to any litigation commenced by him of such claims up to the expiration of such 30 day period.

Upon motion duly made, seconded and unanimously carried, it was resolved that the meeting be adjourned, subject to call by the President of the corporation or by the Chairman of the meeting, or by the directors in numbers as provided by the By-Laws, or by either stockholder, upon seven days notice, at the time and place designated in the call of the meeting.

H. J. Muller

Harry J. Muller, Secretary

Harold Weill, Chairman

NIGHT LETTER

JANUARY 19, 1949

A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION WILL BE HELD TUESDAY, JANUARY 25 AT 2:30 PM AT THE OFFICES OF THE CORPORATION 729 SEVENTH AVENUE, NEW YORK FOR THE PURPOSES OF DISCUSSING THE RECOMMENDATIONS OF THE STOCKHOLDERS IN CONNECTION WITH THE CHAPLIN CLAIM AND TO APPOINT PRODUCT COMMITTEE AND SUCH OTHER MATTERS AS MAY COME BEFORE THE BOARD.

H. J. MULLER
ASSISTANT SECRETARY

Please send the above wire to the following people:

Charles Schwartz
19 E. 70th Street
New York, N.Y.

Herbert Jacoby
19 E. 70th Street
New York, N.Y.

Harold Weill
% Leon Weill and Mahoney
9 E. 40th Street
New York, N.Y.

Vitalis Chaliff
% Leon Weill and Mahoney
9 E. 40th Street
New York, N.Y.

Sam Dembow Jr.
United Artists Corporation
~~% Harry Muller~~
729 Seventh Ave.
New York, N.Y.

c/o RKO Bldg
Radio City
New York

Sam Dembow
Beverly Hills Hotel
Beverly Hills
(mark Please hold for arrival)

Peter J. A. Cusack
530 E. 88th Street
New York, N.Y.

Arthur Kelly
United Artists Corproation
729 Seventh Avenue
New York, N.Y.

Gradwell L. Sears
United Artists Corporation
729 Seventh Avenue
New York, N.Y.

also delivered by hand to
E. Claude Mills
at the office of United
Artists Corporation
~~1040 N Formosa~~
1040 N Las Palmas Ave.
Hollywood Los Angeles Cal

MINUTES OF MEETING OF BOARD OF DIRECTORS
OF UNITED ARTISTS CORPORATION

A special meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Tuesday, January 25, 1949 at 2:30 P.M.

There were present:

E. Claude Mills
Herbert P. Jacoby
Peter J. A. Cusack
Vitalis L. Chalif
Harold Weill
Arthur W. Kelly
Gradwell L. Sears

constituting a quorum.

There were also present Paul D. O'Brien of O'Brien, Driscoll, Raftery and Lawler, Paul N. Lazarus, Jr., Assistant to the President and Harry J. Muller, Assistant Secretary.

Mr. Sears acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, it was resolved that the Board dispense with the reading of the minutes of the meeting of January 18, 1949 inasmuch as they were circulated to all directors.

3. CHARLES CHAPLIN

There was discussion concerning THE GREAT DICTATOR and it was duly moved, seconded and carried that,

WHEREAS, Charles Chaplin has asserted the claim that he was and is entitled to have his motion picture photoplay "THE GREAT DICTATOR" distributed by this corporation on so-called sliding scale terms, and by reason thereof contends that he was and is entitled to rebates from this corporation with respect to said motion picture photoplay, and

WHEREAS, a controversy presently exists between this corporation and Mr. Chaplin with respect thereto, and

WHEREAS, this corporation has tendered to Mr. Chaplin certain sums which would be payable to him under the so-called "Silverstone Plan" in the event that he were not entitled to sliding scale distribution on "THE GREAT DICTATOR" which tender has been refused by Mr. Chaplin, and

WHEREAS, it would not be in the best interests of this corporation for such claim to be made the subject of litigation at the present time, and

WHEREAS, in order to induce Mr. Chaplin to refrain from instituting such suit, this corporation, without acknowledging that there is any merit to said claim, is willing to waive any defense thereto or to the payment of moneys due Mr. Chaplin under the "Silverstone Plan" that it now may have, or which may hereafter accrue to it, based upon the Statute of Limitations,

NOW, THEREFORE, in consideration of Mr. Chaplin's present forbearance to institute suit against this corporation, it is

RESOLVED, that this corporation hereby agrees to and does, waive any defense to the aforementioned claim for sliding scale terms asserted by Mr. Chaplin, or to the payment to Mr. Chaplin of moneys due him under the "Silverstone Plan" (in the event that it should be determined that he is not entitled to such sliding scale terms) that it now may have, or which may hereafter accrue to it, based upon any Statute of Limitations, such waiver to continue until thirty (30) days after written notice of withdrawal thereof given by this corporation to Mr. Chaplin and to be effective as to any litigation commenced by him on such claims up to the expiration of such thirty (30) day period, and it is further

RESOLVED, that any officer of this corporation be, and he hereby is, authorized to notify Mr. Chaplin, or his duly authorized representatives of the foregoing, it being understood, however, that these resolutions do not constitute any acknowledgment on the part of this corporation that there is any merit to Mr. Chaplin's claim for sliding scale terms and that the corporation reserves to itself all defenses that it has to these claims except the defense of the Statute of Limitations as set forthin this resolution.

4. PRODUCT COMMITTEE

The Chairman stated that it had been proposed that a Product Committee to expedite the acquisition of product be formed and that such

Committee be either three, four or five people. After discussion, this matter was tabled.

5. S.I.M.P.P.

The Chairman stated that many of our producers are members of S.I.M.P.P. and, as such, contribute 3/8ths of 1% of their United States film rentals as dues. Our subsidiary, United Artists Productions, Inc. was at one time a member but it resigned although we did contribute $10,000 recently in connection with the litigation in Detroit. S.I.M.P.P. has recently engaged the former Governor of Georgia, Ellis Arnall, as its Head and has asked us to rejoin, either through the Delaware corporation or through United Artists Productions, Inc. After discussion, it was agreed that the Chairman should investigate this matter further and report back to the meeting before making any commitment.

6. PROPOSED INDIA LICENSED AGENCY

Upon motion duly made and seconded, it was resolved that the Board ratify the Franchise Agreement with K.A.Modi of Western Indian Theatres, Ltd. for the territory covered by our India Exchange.

7. HUGHES TOOL COMPANY

The Chairman stated that the Hughes-Nasser-United Artists documents are all completed and approved by our attorneys and their attorneys. The Hughes financing is pledged to two definite pictures, namely, MRS. MIKE, a Sam Bischoff picture, which will cost a little over $1,150,000 and which will use $210,000 of the Hughes money and a Mickey Rooney picture called QUICKSANDS, which will cost $850,000 and will consume $180,000 of the Hughes money. This will leave $210,000 available for further second money financing. The Chairman explained that the documents provide for the turnover of prints and advertising on THE OUTLAW as of February 1, 1949 but United Artists Corporation continues

to service all unplayed contracts throughout the world. Mr. Lazarus, Jr. read the release clause in the Hughes-United Artists agreement and, upon motion duly made and seconded, it was resolved that the Board ratify the settlement as submitted and that the President have authority to execute the documents on behalf of the corporation, with the understanding that counsel for the company has examined the documents and fully approves of them.

8. A. GEORGE VOLCK AND ROBERT BREN

The Chairman stated that he received a proposition from A.George Volck and Robert Bren for three pictures to be produced, RIDE THE WEST WIND, JAGUAR HILL and THREE CORNED HONEYMOON, United Artists Corporation to have full approval of script, director and stars, terms 30% for United States, Canada and England and regular terms for the rest of the world. The proposition is not fully financed and the producers request a thirty day commitment letter in which time they would have to give evidence showing that the pictures are fully financed and will be made. This matter was tabled.

9. PAUL HENREID

The Chairman stated that he received a proposition from Paul Henreid for a picture to be called THE RUNAWAY, cast to include Paul Henreid among others. The picture has not been financed but if United Artists approves the distribution agreement it will be financed by either Nasser or Nassour. After discussion and upon motion duly made and seconded, Management was authorized to accept this proposal.

10. PRODUCT PROPOSAL OF GEORGE BAGNALL

The Chairman referred to the proposal made by George Bagnall at the Stockholders' meeting for a product program of 14 pictures, six from Nasser Bros., four from Harry Popkin and four from Nassour Bros. After discussion it

was recommended that the Chairman be authorized to make further investigation of this matter with George Bagnall.

11. REPORT FROM SELMER CHALIF

The Chairman read a report from Selmer Chalif. Some of the members of the Board stated they wish to express the appreciation of the Board for the report and to compliment Mr. Chalif on it.

12. PIONEER PICTURES CORPORATION

The Chairman stated that he wished ratification of the deal with Pioneer Pictures Corporation covering two pictures, RED LIGHT and GUN CRAZY, to be distributed world-wide at standard terms. Mr. Kelly explained certain changes which were requested by Pioneer Pictures Corporation in the wording of the distribution contract. Mr. Kelly also explained that the projected loan with Chemical Bank and Trust Company provides that the producer must pay for all advertising. Upon motion duly made and seconded, the Pioneer Pictures Corporation deal was ratified.

13. BANK OF AMERICA

Mr. Kelly explained his conversation with Bernard Giannini and Walter J. Braunschweiger of Bank of America.

14. BLACK MAGIC (CAGLIOSTRO)

Mr. Kelly explained his conversation with Tom Walker and Harry Kosiner (representatives of Edward Small) concerning the picture BLACK MAGIC, heretofore known as CAGLIOSTRO. They wanted to know if United Artists Corporation would be willing to give up certain Continental countries and Mr. Kelly said we would. They also wanted to take England away from us or use the same formula as RED RIVER with respect to England and to have Mr. Sears personally supervise the sale in the domestic.

15. ANATOLE DE GRUENWALD

Mr. Kelly read a cable from London concerning ANOTHER WORLD, which is to be produced by Anatole De Gruenwald. It stated that Bank of America approves the 75% loan based upon the guarantee of United Artists Corporation, Limited, provided said company does not pledge or sell its assets during the life of the guarantee and provided there is no prior lien against the stock of Odeon Cinema Holdings Limited. Some of the directors stated that these provisos could not be agreed to.

16. THIS SIDE OF INNOCENCE

The Chairman read a telegram from Armand Deutsch addressed to Mr. Kelly concerning THIS SIDE OF INNOCENCE. It was suggested that the telegram be answered advising Mr. Deutsch that the matter is in the hands of the President of the company.

17. TWO PICTURES TO BE MADE ABROAD

The Chairman read a telegram from George Bagnall in which Mr. Bagnall asks if the company would be interested in two pictures to be made abroad, one with Paulette Goddard directed by Jean Renoir and the other with Joan Fontaine directed by Tay Garnett. The Paulette Goddard picture would start May 15th. It has been represented that these pictures are fully financed. The world rights would be granted to us with the exception of the European Continent and French and Italian possessions. The Board expressed extreme interest and it was agreed that the Chairman would so notify Mr. Bagnall.

18. CANADIAN DIVIDEND

The Secretary reported the completion of the payment of the $50,000 dividend from the Canadian company by the purchase in Canada of 46M Bell Telephone of Canada 3¼% due 1973 and the subsequent sale in the

United States, producing, after deduction of the Canadian Withholding Tax of 5%, the sum of U.S.$39,196.61.

19. LOYD WRIGHT BILL

The Chairman stated that he discussed with Charles E. Millikan the bill for $3,500 for extraordinary services because Loyd Wright was out of town. He stated that when Loyd Wright returns an explanation of this bill will be sent to us.

20. THE PICKFORD CORPORATION

Mr. Kelly stated that with respect to the re-issue of G.I.JOE, the Chemical Bank and Trust Company refused to permit us to have a five year license and we have accepted a license of 1½ years.

21. LOAN TO TORONTO BRANCH MANAGER

The Chairman stated that the Toronto Branch Manager was in the hospital and needed $1,000 for doctor bills which was provided in a loan repayable at the rate of $20. per week. The action of Management in granting this loan was ratified.

22. 16 mm. RIGHTS

Mr. Lazarus, Jr. stated that a memorandum concerning 16 mm. film rights was sent to all directors. He stated further that an arrangement with Films, Inc. would probably be for a five year term. Upon motion duly made and seconded, it was resolved that the Board accept the proposal as submitted by Mr. Lazarus, Jr.

The meeting then adjourned.

Harry J. Muller, Secretary

Cromwell L. Sears, Chairman

Send the following message, subject to the terms on back hereof, which are hereby agreed to

FEBRUARY 18, 1949

FOLLOWING WIRE TO GO TO NAMES LISTED BELOW:

CHARLES SCHWARTZ c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
HERBERT P. JADOUX c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
VITALIS L. CHALIF c/o Loeb, Weill & Mahoney, 9 East 40th Street, New York, N.Y.
HAROLD WEILL c/o Loeb, Weill & Mahoney, 9 East 40th Street, New York, N.Y.
SAM BERROW, JR. 18 East 48th Street, New York, N.Y.
PETER J. A. CURACK 830 East 86th Street, New York, N.Y.
H. CLAUDE MILLS c/o Towne House, Wilshire Boulevard, Los Angeles, Calif.

REGULAR MEETING BOARD DIRECTORS UNITED ARTISTS CORPORATION WILL BE HELD AT OFFICES OF CORPORATION, 729 SEVENTH AVENUE, NEW YORK, N.Y., MONDAY, FEBRUARY 21, 1949 AT 3:30 P.M.

HARRY J. MULLER, ASST. SECRETARY

cc: Mr. Grodzell L. Sears
Mr. Arthur W. Kelly
Mr. Paul Lazarus, Jr.

A NEW CURTIS SERVICE

Telegraph your order for America's favorite magazines—HOLIDAY, 1 yr., $5 • the Post, 1 yr., $6 • LADIES' HOME JOURNAL, 1 yr., $3. All prices U. S. only. No charge for wire. Pay Western Union clerk for subscription or when billed by publisher.

Publisher will, on subscriber's request, refund full amount paid for copies not previously mailed. Prices subject to change without notice.

MINUTES OF MEETING OF BOARD OF DIRECTORS
OF UNITED ARTISTS CORPORATION

A meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Monday, February 21, 1949, at 2:30 P.M.

There were present:

Herbert P. Jacoby
Peter J. A. Cusack
Vitalis L. Chalif
Harold Weill
Charles Schwartz
Arthur W. Kelly
Gradwell L. Sears

constituting a quorum.

There were also present Paul D. O'Brien of O'Brien, Driscoll, Raftery and Lawler and Harry J. Muller, Assistant Secretary.

Mr. Sears acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETING

It was agreed that the reading of the minutes be dispensed with although they were not yet circulated.

3. E. CLAUDE MILLS

Mr. Schwartz presented to the meeting the resignation of E. Claude Mills as a director of the corporation. Upon motion duly made and seconded, it was resolved that Mr. Mills' resignation be accepted with regret and with thanks for his past services, as Mr. Mills has always been very helpful as a Board Member.

4. SAM DEMBOW, JR.

The Chairman presented to the meeting the resignation of Sam Dembow, Jr. as a director of the corporation. Upon motion duly made and seconded, it was resolved that Mr. Dembow's resignation be accepted with regret, as Mr. Dembow was a most valuable member of the Board and the remaining members will keenly feel his loss.

5. EDWARD SMALL

The Chairman explained the current production situation and stated that Edward Small desires a distribution contract for BLACK MAGIC (CAGLIOSTRO) under terms of 25% world-wide, except those countries which are withheld by mutual agreement. Mr. Small has set up the following conditions:

1. If United Artists Corporation fails to secure a circuit deal in England within six months, the producer has the right to get back this territory in the same manner as is provided in the RED RIVER arrangement.
2. The Producer has the right to terminate in the event of a change of Management.
3. Producer's funds to be trusteed. (In this connection, the producer is willing to accept the Cash Collection Basis with the further understanding that United Artists Corporation makes no advances on behalf of the producer.)
4. That Gradwell L. Sears will personally supervise the domestic selling in the same manner as RED RIVER and Paul Lazarus, Jr. will supervise the placing of advertising.
5. That United Artists Corporation will participate in 25% of advertising, provided that total advertising does not exceed 10% of the gross, the initial advertising to be $250,000, of which United Artists Corporation's share shall not exceed 25%.

6. That we cancel the VALENTINO distribution contract.

Mr. Kelly stated that he has a 5% interest in this picture which is on record with the company. He also protested that 25% terms would lose money for the corporation in the foreign territories outside of England.

After discussion, Mr. Kosiner (Mr. Small's New York representative) was invited to the meeting and the above proposal was reviewed with him. Mr. Kelly explained that we want 35% for the foreign territories, exclusive of England. With respect to the trusteeing of funds, Mr. Kosiner agreed that this meant trusteeing of funds only in the New York office and that the account with the producer would merely be earmarked and that United Artists Corporation would have the right to settle on either a Cash Collection Basis or the Billing Basis as presently operating, except that the producer would provide a sum of money to cover advances for the producer's share of prints, advertising, etc., to which sum the producer would add additional funds from time to time; that with respect to Cooperative Advertising, the film rental would be billed gross and the Cooperative Advertising would be split between the producer and corporation in accordance with the terms of the contract. Mr. Kosiner said that with respect to frozen funds, he understood that Edward Small would have the right to have them earmarked and to secure such funds subject to the rules of the country involved and subject to the fact that it would not prejudice the rights of United Artists Corporation or its producers with respect to other monies. Mr. Kosiner was also advised that the corporation would not consent to the cancellation of the VALENTINO contract. At this point, Mr. Kosiner left the meeting.

6. ABRAHAM L. BIENSTOCK

The Chairman submitted a bill from Abraham L. Bienstock in the amount of $5,000 for services in connection with the Hughes Tool Company and

California Pictures Corporation matters and $52.95 for disbursements. After considerable discussion concerning this matter and upon motion duly made and seconded, payment of this bill was approved. The Chairman was requested to investigate a telegram from George Bagnall dated January 25, 1949 stating that the Bischoff and Rooney-Stiefel contracts were signed.

7. SELMER CHALIF

The Chairman read a letter from Selmer Chalif.

8. COMPENSATION TO COMMITTEE OF DIRECTORS

The Chairman presented a bill from Leon, Weill and Mahony covering services rendered by Harold Weill and V.L.Chalif acting as members of a special committee in the amount of $1,250 each. Mr. Schwartz requested that E. Claude Mills receive the same compensation as a member of the Special Committee. Upon motion duly made and seconded, these payments were authorized, Messrs. Chalif and Weill abstaining from voting except as to the portion payable to Mr. Mills. The Board also approved bills from Leon, Weill and Mahony covering telephone calls in the amount of $159.84 and from Schwartz & Frohlich covering expenses of Charles Schwartz in the amount of $475.

9. "TWO HEARTS IN THREE-QUARTERS TIME"

The Chairman stated that Douglas Sirk plans to produce TWO HEARTS IN THREE-QUARTERS TIME in Vienna. This was originally produced in Vienna in 1931. After discussion, this matter was tabled.

10. "GUEST WIFE" and "IT'S IN THE BAG"

The Chairman stated that Skirball and Manning have requested the return of the rights to GUEST WIFE and IT'S IN THE BAG, which were originally released in 1945. Upon motion duly made and seconded, it was agreed

that the corporation terminate its rights to these pictures provided it receives a general release and the right to play off all unplayed contracts. In this connection, it was suggested that we first ascertain that the banks have been paid off and secure the Television rights to these pictures.

11. GEORGE PAL

The Chairman read a letter from George Bagnall containing a request from George Pal to place the picture TOM THUMB under the Hughes financing arrangement. After discussion, this matter was tabled.

12. 16 mm. RIGHTS

A suggestion was made that all distribution contracts made on and after this date provide that the 16 mm. rights may not be used during the period of our license and that the 10% revenue therefrom should be net and that no material expense in connection therewith be incurred by United Artists Corporation and that the revised draft of distribution contract be modified accordingly.

13. TOLA PRODUCTIONS, INC.

The Chairman stated that Paul Lazarus, Jr. received a letter from Tola Productions, Inc. concerning the 16 mm. rights on THE ROOSEVELT STORY. It was agreed that this matter should be investigated to find out if United Artists Corporation has recovered all its charges and, if not, if Tola Productions is willing to pay those charges, United Artists Corporation would be willing to give up the picture.

14. ODEON

Mr. Kelly talked about the Odeon situation and explained that Mr. Rank would not consent to our nominating a director to take the place of Mr. Coplan on the Odeon Theatres, Ltd. Board. He stated that Mr. Mackay said

that morally we are entitled to a director and that it was then suggested that if we sold the shares to Mr. Rank we would not need a director. Mr. Kelly plans to have Mr. Coplan go back to England to attend the Odeon Theatres, Ltd. Board Meeting in March. Upon invitation, Mr. Coplan then entered the meeting and talked about his conversation at the Board Meeting of Odeon Theatres, Ltd. and also about his appearance before the Portal Committee. Mr. Coplan then left the meeting.

15. ANATOLE DE GRUNWALD

Mr. Kelly stated that in connection with the proposed picture ANOTHER WORLD, to be produced by Mr. Anatole DeGrunwald, Mr. Rank would not give us a commitment to give this picture a circuit booking. Mr. Rank stated that if the picture is good he will play it, otherwise he will not.

16. ENGLISH SUBSIDIARY

Mr. Kelly explained that he has not yet appointed another Managing Director in Great Britain but he has appointed a temporary Managing Committee, consisting of Montague Morton, General Sales Manager, W.J.Smith and W.E.Gray, subject to change at any time. He also stated that Jerry Taylor came up from South Africa but, because of the problem in South Africa, he could not consider him at this time. We must do something quickly in South Africa to continue in business and Mr. Taylor has been able to arrange for a group down there to finance five or six Drive-in Theatres. He can get the financing of £30,000 for each provided the financing group gets the candy and peanut concessions. Mr. Kelly promised to send a report on this to each director.

17. MEXICO

Mr. Kelly stated that our distributor in Mexico owes us in excess of 150,000 Pesos and we have stopped sending pictures and are working out a plan of liquidation.

18. SWEDEN

Mr. Kelly stated that the Chairman and he have agreed to retire the Managar of our Swedish subsidiary and pay him an overall severance salary equivalent to about $20,000, on time payments. He stated that we have another man to take his place, but have not yet engaged him.

19. RELEASE SCHEDULE

The Chairman explained the various pictures which are scheduled for release.

The meeting then adjourned.

Cardwell L. Sears, Chairman

Harry J. Muller, Secretary

NO. WDS. CL. OF SVC.	P.D. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED

Send the following message, subject to the terms on back hereof, which are hereby agreed to

MARCH 29, 1940

FOLLOWING WIRE TO GO TO NAMES LISTED BELOW:

CHARLES SCHWARTZ c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
HERBERT P. JASCHE c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
VITALIS L. CHALIF c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
HAROLD WEILL c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
PETER J. A. CUSACK 580 East 88th Street, New York, N.Y.

A REGULAR MEETING OF BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION WILL BE HELD AT OFFICES OF CORPORATION 729 SEVENTH AVENUE, NEW YORK, N.Y. FRIDAY, APRIL 1, 1940 AT 2:30 P.M. AGENDA WILL BE SENT BY CRADWELL SEARS.

HARRY J. MULLER, ASST. SECRETARY

cc: Mr. Cradwell L. Sears
Mr. Arthur W. Kelly
Mr. Paul Lazarus, Jr.

A NEW CURTIS SERVICE

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Publisher will, on subscriber's request, refund full amount paid for copies not previously mailed. Prices subject to change without notice.

MINUTES OF MEETING OF BOARD OF DIRECTORS
OF UNITED ARTISTS CORPORATION

A meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Friday, April 1, 1949 at 2:30 P.M.

There were present:

Herbert P. Jacoby
Peter J. A. Cusack
Vitalis L. Chalif
Harold Weill
Charles Schwartz
Arthur W. Kelly
Gradwell L. Sears

constituting a quorum.

There were also present Paul D. O'Brien of O'Brien, Driscoll, Raftery and Lawler, Paul N. Lazarus, Jr., Assistant to the President and Harry J. Muller, Assistant Secretary.

Mr. Sears acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETINGS

Upon motion duly made and seconded, it was agreed that the reading of the minutes of the last meetings be suspended until the next meeting of the Board.

3. NASSER BROS.

The Chairman presented a proposal from Nasser Bros. for a distribution contract for five years providing for a minimum of three and a maximum of five pictures per year, at terms of 30% for United States, Canada and England and standard terms for the rest of the world, cost of production to

be at least $500,000 each. The pictures are fully financed. The bank asks for a 5% deferment from the producer but there is to be no deferment on the part of United Artists Corporation. Mr. Chalif stated that Leon, Weill and Mahony have been retained by Nasser Bros. on another matter. In the discussion, questions were raised as to whether the Nasser Bros. would be bound individually and whether or not they would be bound to exclusivity and that a penalty of not less than $100,000 per picture must be provided for non-delivery. Mr. Schwartz suggested that the corporation which owns the studio should sign the distribution contract and there should be a sub-joined consent of the Nassers individually, in which they agree that they will not directly or indirectly make pictures except pursuant to this contract. Because of the fact that it is a service studio, the contract must very clearly define what constitutes a Nasser picture. Upon motion duly made and seconded, it was resolved that Management be authorized to accept the proposal of Nasser Bros. within the limitations indicated at this meeting, subject to discussion with the members of the board before the contract is signed.

4. "BLACK MAGIC" (CAGLIOSTRO)

The Chairman requested ratification of the BLACK MAGIC deal as submitted to the members of the board individually in Mr. Kelly's letter of February 24, 1949. Mr. Kelly stated that the producer has now found the trust fund and print and advertising fund cumbersome and, with the approval of the board, the contract will be changed to the usual form. Upon motion duly made and seconded, this matter was approved and ratified.

5. EDWARD SMALL

The Chairman presented a proposal from Mr. Small for a distribution contract covering a motion picture to be produced under the title of LORNA DOONE, to cost between $850,000 and $900,000, distribution to be at the rate

of 15% world-wide until the negative cost and all charges have been recouped, after which the terms are to be 50-50. It was estimated that distribution fees would average 33% if the picture grossed $3,000,000 world-wide and 36% if the picture grossed $2,000,000 world-wide. Upon motion duly made and seconded, it was resolved that the company is very much interested in this proposal but would like to have Management re-trade it and report back to the board.

6. BENEDICT BOGEAUS

The Chairman stated that Ben Bogeaus wishes to produce a picture based upon the Damon Runyon story JOHNNY ONE EYE. In view of his losses and the fact that he has given us considerable product, he asks that United Artists Corporation come to his rescue by extending the contract for that one picture on the same terms and conditions as he heretofore enjoyed. The terms of this contract are 25% for United States, Canada and England. After discussion and upon motion duly made and seconded, it was resolved to extend the American Industrial Corporation contract to cover this one picture with the understanding that, if it is possible for United Artists Corporation to get the benefit of the new terms on prints, advertising, etc., it should obtain such benefit.

7. BERT STEARN

The Chairman stated that Bert Stearn, who is a former employee of United Artists Corporation and now operates a booking organization, requested a distribution contract sometime ago for a picture to be produced. The picture has now been produced and is called ZOMBA. It is a B picture and he is asking for distribution on a 30% basis until the negative cost is recovered, and then 50-50. Upon motion duly made and seconded, this proposal was rejected.

8. "TWO HEARTS IN THREE QUARTER TIME"

The Chairman requested ratification of the deal on TWO HEARTS IN THREE QUARTER TIME which was circulated to all directors on February 24, 1949 by Mr. Kelly and approved by them individually. Upon motion duly made and seconded, this deal was ratified.

9. PAUL N. LAZARUS, SR.

The Chairman explained that Paul N. Lazarus, Sr. suffered a cerebral hemorrhage in Kansas City several weeks ago, while on a vacation, and his left side is paralyzed. He is expected to return to his home soon and the Chairman wishes to make arrangements concerning his salary. Mr. Kelly suggested that the Employees' Benefit Plan be applied, which, in his case, would amount to 13 weeks full salary and 39 weeks at half salary. After discussion, it was moved, seconded and carried that,

Whereas, Paul Lazarus, Sr. has been in the employ of the company since its inception, in or about the year 1919 and,

Whereas, all through the years his services have been of great value to the company and he has served the company well and faithfully and,

Whereas, he has become incapacitated,

Now, Therefore, it is

RESOLVED, that Paul Lazarus, Sr. be given the full benefits under the Employees' Benefit Plan, to wit, 13 weeks of full salary starting as of April 1, 1949 and at the end of said 13 weeks, he is to receive half salary for so long as he shall be alive and not working for any other company, but if he should die at any time on or after April 1, 1949 payment ceases.

10. AMERICAN FILMS, INC.

The Chairman referred to a proposed distribution deal submitted by George Bagnall with American Films, Inc. producer Sig Schlager, to cover the Remington story starring Burt Lancaster, to be directed by William Dieterle. The picture is to start within 60 days and will cost $1,100,000 and will be

filmed in Ansco color. The terms are 30% for United States, Canada and England with regular terms throughout the rest of the world. Because the bank financing requires 100% guarantees and the producer is unable to conform with this requirement, he is prepared to go with the Nassers and utilize their credit and some of the Hughes money, in which event the distribution charge will be 32½%. Upon motion duly made and seconded, it was resolved to reject this proposed deal and the Chairman was requested to instruct Mr. Bagnall that, if the producer can secure his own financing without using the Hughes money, the Board would be glad to reconsider.

11. OMNA PRODUCTIONS, INC.

The Chairman referred to a proposed distribution deal submitted by George Bagnall with Omna Productions, Inc., producer B.P.Schulberg, to star Paulette Goddard in a story temporarily entitled GOYA AND THE DUCHESS OF ALBA, to be directed by Jean Renoir. The picture will start approximately September 1, 1949 and will cost $900,000 in black and white, and there is a possibility that color will be used. The picture will be made either in Italy or Spain and financing has been arranged in full. Terms are United States, Canada and England 30%, no distribution rights outside of these territories inasmuch as financing is being provided in Europe. The Chairman suggested that the terms for GOYA AND THE DUCHESS OF ALBA should be 35% and, upon motion duly made and seconded, it was agreed to accept the proposed deal on this basis.

12. "CARRIAGE ENTRANCE"

The Chairman referred to the item on the Agenda concerning a proposed picture entitled CARRIAGE ENTRANCE with Ann Sheridan and Robert Young. He suggested that no consideration be given this matter until the producer has secured the services of a good director. No action was taken.

13. MOTION PICTURE SALES CORPORATION

The Chairman explained his attitude toward the Motion Picture Sales Corporation, which was formed by Neil Agnew and Charles Casanave.

14. "THE CHAMPION"

The Chairman stated that R.K.O. has started a law suit in which it contends that THE CHAMPION plagiarizes some of the material of its picture THE SET-UP and it has asked for a restraining order. The Chairman also stated that the Legion of Decency were contemplating a "C" rating for THE CHAMPION.

15. "AS YOU LIKE IT"

The Chairman stated that he received a proposal for distribution in the United States and Canada, through the unit that is now handling HENRY V, of the motion picture AS YOU LIKE IT, which was made 14 years ago and has received limited distribution in 16 mm. form. The Chairman also referred to Mr. Kelly's letter of March 15, 1949 addressed to all directors. He stated that the terms would be 30%, advertising to be deducted from the revenue of each engagement and prints would be advanced by us but would be recouped from the producer's share of revenue. It was the consensus of the directors that Management should endeavor to get this picture on a 40% basis but should accept 35% if that is the maximum obtainable.

16. "CAPTAIN KIDD"

Mr. Kelly explained that there was a proposed deal whereby the producer of CAPTAIN KIDD would sell his interest in the picture to a third party who, in turn, wishes to terminate distribution in the domestic territories and have us re-issue the picture in foreign territories, in consideration of which he would give us a release concerning our past distribution. Upon motion duly made and seconded, it was resolved that Management be authorized to

terminate the distribution of CAPTAIN KIDD in the United States and Canada and retain the re-issue rights in foreign countries on the terms outlined by Mr. Kelly.

17. "G.I.JOE"

There was discussion concerning the proposed re-issue of G.I.JOE and it was explained that the picture has not yet been delivered to us for re-issue although we signed certain papers for Chemical Bank and Trust Company at the request of Lester Cowan. Mr. Kelly was requested to advise Mr.Van Pelt of Chemical Bank and Trust Company of the non-delivery.

18. "SLEEP MY LOVE"

The Chairman and Paul Lazarus, Jr. explained the situation on SLEEP MY LOVE in which the print and advertising limitation placed by the bank and Pacific Finance Loans has been exceeded by approximately $26,000. It was suggested that our counsel study the papers and report to the next meeting.

19. "WAY TO THE STARS"

The Chairman explained that J.Arthur Rank Organization has requested the return to them of the rights to WAY TO THE STARS for Finland, which territory we have been unable to sell and which they can now sell for Pounds. Upon motion duly made, seconded and carried, Management was authorized to turn back this territory.

20. DEFERMENTS

There was then distributed to the directors a statement of deferments indicating the probability of recoupment.

21. COLOMBIAN PESO LOAN

The Secretary explained that United Artists Corporation de Colombia received permits to convert Colombian Pesos into dollars but lacked

sufficient Pesos to make the full transfer. Inasmuch as permits are hard to get, the officers, on behalf of United Artists Corporation, guaranteed an over-draft in the amount of 50,000 Colombian Pesos from National City Bank. National City Bank requires a resolution confirming the guarantee of the over-draft and authorizing the execution of their Continuing Guaranty form. Upon motion duly made and seconded, it was

RESOLVED, that the acts of the officers of the corporation are hereby ratified, confirmed and approved in guaranteeing, on behalf of the corporation, a loan of Colombian Pesos 50,000 from National City Bank of New York to United Artists Corporation de Colombia and the officers are hereby authorized to execute the Bank's form of Continuing Guaranty in this amount.

22. BRAZILIAN CRUZEIRO LOAN

The Secretary explained that U.A. of Brazil, Inc. received permits to convert Cruzeiros into dollars but lacked sufficient Cruzeiros to make the full transfer. Inasmuch as permits are hard to get, the officers, on behalf of United Artists Corporation, guaranteed an over-draft in the amount of 300,000 Cruzeiros from the National City Bank. National City Bank requires a resolution confirming the guarantee of the over-draft and authorizing the execution of their Continuing Guaranty form. Upon motion duly made and seconded, it was

RESOLVED, that the acts of the officers of the corporation are hereby ratified, confirmed and approved in guaranteeing, on behalf of the corporation, a loan of Cruzeiros 300,000 from National City Bank of New York to U.A. of Brazil, Inc. and the officers are hereby authorized to execute the Bank's form of Continuing Guaranty in this amount.

23. "COPACABANA" 16 mm. RIGHTS

Mr. Kelly explained that the producer of COPACABANA sold the 16 mm. rights to Astor Pictures Corporation in violation of our distribution contract and the matter is receiving attention of counsel.

24. NOTE AT BANKERS TRUST COMPANY

Mr. Kelly explained that the officers of the corporation renewed the $400,000 loan at Bankers Trust Company for three months at 2½%, with the oral understanding that the loan could be paid off at any time. Upon motion duly made and seconded, this action was ratified.

25. ITALIAN INCOME TAX

Mr. Kelly stated that the authorities in Italy are endeavoring to collect an Income Tax on our operations there and that we sent a representative there from England, from whom we received a report today to the effect that there is a good chance of our avoiding any Income Tax payments.

26. "IMPACT"

Mr. Kelly stated that there is no provision for any deferment in the Harry Popkin contract. On the picture MY DEAR SECRETARY, the Bank of America insisted upon 2½% deferment, which was signed by George Bagnall and Harry Popkin guaranteed the repayment of the deferment. Bank of America now advises that they received from Mr. Bagnall a paper deferring 2½% on IMPACT. It was agreed that this deferment be approved provided that Harry Popkin guarantees the repayment and the deferment is limited to the United States. It was suggested that Mr. Bagnall's attention should be strictly brought to the fact that no such papers should be signed by the officers of the corporation without the prior approval of the Board of Directors.

27. FRENCH LANGUAGE PICTURES IN CANADA

Mr. Lazarus, Jr. stated that he had a proposition from Baron Rothschild to supply us with French language pictures in the Province of Quebec only, whereby Baron Rothschild would buy French language films in Paris and ship them to our office where we would have the right of rejection. The

terms would be 35% as long as they grossed less than $5,000 per month, such terms to be reduced to 32½% if the gross ran between $5,000 and $10,000 per month and to 30% if the gross exceeded $10,000 per month, computed by averaging over a six months period. There would be no print cost because the print shipped from Paris would be the only print needed and there would be no advertising except that first run advertising would be deducted from the gross on a single first run engagement. Upon motion duly made and seconded, Management was authorized to make this deal.

28. "THE MERRY MONARCH" LAW SUIT

Mr. Kelly called to the attention of the Board the correspondence which he sent to the directors pertaining to the law suit brought in France for 300,000,000 Francs against our English subsidiary for damages claimed because of ineffective distribution of THE MERRY MONARCH in Great Britain. Although we won this suit in the Court of Commerce it is now being appealed to the Court of Appeals in Paris.

29. RESERVE

The Secretary stated that Price, Waterhouse & Co. suggested that the Board authorize a reserve of $470,000 to provide in full for the following:

TIME OF YOUR LIFE	$250,000
INNOCENT AFFAIR	150,000
TEXAS, BROOKLYN & HEAVEN	70,000

After discussion, it was agreed that the Board would approve a reserve of $100,000.

The meeting then adjourned.

Cresdwell L.Sears, Chairman

Harry J. Muller, Secretary

DOMESTIC SERVICE

Check the class of service desired; otherwise this message will be sent as a full rate telegram

FULL RATE TELEGRAM		SERIAL	
DAY LETTER		NIGHT LETTER	

WESTERN UNION

1211

JOSEPH L. EGAN, PRESIDENT

INTERNATIONAL SERVICE

Check the class of service desired; otherwise this message will be sent at the full rate

FULL RATE		DEFERRED	
CODE		NIGHT LETTER	

NO. WDS.	CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED

Send the following message, subject to the terms on back hereof, which are hereby agreed to

MAY 3, 1949

FOLLOWING WIRE TO GO TO NAMES LISTED BELOW:

CHARLES SCHWARTZ c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
HERBERT P. JACOBY c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
VIVALIS L. CHALIF c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
HAROLD WEILL c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
PETER J. A. CUSACK 530 East 89th Street, New York, N.Y.

REGULAR MEETING BOARD DIRECTORS UNITED ARTISTS CORPORATION WILL BE HELD AT OFFICES OF CORPORATION, 729 SEVENTH AVENUE, NEW YORK, N.Y., MONDAY, MAY 9, 1949 AT 11 A.M.

HARRY J. MULLER, ASST.SECRETARY

cc: Mr.G.L.Sears
Mr.A.W.Kelly
Mr.P.N.Lazarus,Jr.

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Publisher will, on subscriber's request, refund full amount paid for copies not previously mailed. Prices subject to change without notice.

MINUTES OF MEETING OF BOARD OF DIRECTORS
OF UNITED ARTISTS CORPORATION

A meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Monday, May 9, 1949 at 11 A.M.

There were present:

Herbert P. Jacoby
Peter J. A. Cusack
Vitalis L. Chalif
Harold Weill
Charles Schwartz
Arthur W. Kelly
Gradwell L. Sears

constituting a quorum.

There were also present Paul D. O'Brien of O'Brien, Driscoll, Raftery and Lawler, Paul N. Lazarus, Jr., Assistant to the President and Harry J. Muller, Assistant Secretary.

Mr. Sears acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETING

It was agreed that the reading of the minutes be dispensed with although they were not yet circulated.

3. MR. KELLY'S TRIP

The Chairman explained that Mr. Kelly was leaving today for England and is rushed for time inasmuch as he is taking an afternoon plane. Mr. Kelly explained the objects of his trip and there was discussion concerning the situation with Mr. Rank. Mr. Weill explained the conversations he had with

Mr. Rank while the latter was in this country recently. He then talked to Mr. Rank on the long distance telephone. The Chairman stated that if it became necessary he would be available to leave for England very quickly.

4. NASSER BROS.

There was discussion concerning the proposed five year contract with the Nasser Bros. and Mr. Kelly stated that the Nassers were unwilling to agree to an indemnity at the rate of $100,000 per picture in the event pictures were not delivered. A definition of what constitutes a Nasser picture has been worked out but the Chairman explained that the Nassers have not been pushing for this contract and the matter was tabled.

5. HUGHES TOOL COMPANY FINANCING

The Chairman explained that Nasser Bros. had submitted the following proposed pictures for use of Hughes Tool Company financing:-

GUILTY OF TREASON, to be produced by Edward Golden at an estimated production cost of 300,000, amount requested $60,000.

DRAGNET, with Lizabeth Scott, Wendell Corey and Don DeFore. Estimated production cost $575,000, amount requested $115,000.

HOT ROD, with Mickey Rooney, Estimated production cost $700,000, amount requested $140,000.

CRY DANGER, with Dick Powell. Estimated production cost $800,000, amount requested $160,000.

No action was taken.

6. MEXICO

Mr. Kelly explained that the people who purchased our company in Mexico fell down on the contract and did not pay the producers' share of film rental. He also explained that our Mexican lawyer, Dr.Cardenas, is here and has been in consultation with Paul O'Brien, Walter Gould and himself as to the procedure to follow to try to recover monies due the company. A plan has been designed with the approval of our company's counsel. Dr. Cardenas is going back to try and put the plan into effect.

Mr. Kelly stated that another distributor is willing to take over distribution of our pictures at the proper time and put up 100,000 Pesos as a deposit against the contract. Dr. Cardenas was invited into the meeting to discuss the matter.

7. SONGS OF AMERICA

The Chairman stated that he received a proposal from W.Lee Wilder for distribution of a series of short subject Negro Spirituals called SONGS OF AMERICA, for distribution in regular 35 mm. form and also through Television channels in the United States only. The terms are to be 35%. Upon motion duly made and seconded, Management was authorized to conclude a deal for these pictures.

8. SEYMOUR NEBENZAL

The Chairman stated that he received a proposal from Seymour Nebenzal for a picture called "M". The picture is to be made in Mexico at the Churabusco Studio and Milton Gladstone is associated with Nebenzal as an agent on commission. Mr. Kelly stated that Nebenzal's present contract expires May 27, 1949 and that it is on a 27½% basis with 2½% deferment. The bank would not grant a loan unless we gave distribution on the 25%. basis. The bank wanted us to guarantee that the foreign revenue would equal $50,000 but someone else is putting up that $50,000. We can get our deferment out of either domestic or foreign after the bank loan is repaid. Upon motion duly made and seconded, this proposal was rejected.

9. THE PICKFORD CORPORATION

The Chairman stated that The Pickford Corporation has requested a modification of Schedule D of the distribution contract to provide that United Artists Corporation will accept LOVE HAPPY under sliding scale terms, notwithstanding the fact that neither Miss Pickford nor Charles Rogers is the producer of this picture. Mr. Kelly stated that we do not have foreign distri-

bution on LOVE HAPPY and if such an arrangement is made, Mr. Chaplin should be entitled, with respect to one picture, to the same privilege and also the privilege of taking away the foreign. After discussion, this matter was tabled.

10. SLEEP MY LOVE

Mr. Kelly stated that Irving Trust Company is urging payment of the sum of approximately $26,000 representing the amount by which the print and advertising limitation placed by the bank on SLEEP MY LOVE has been exceeded. He further stated that he believes that an arrangement can be made whereby we can be reimbursed out of foreign funds. Upon motion duly made and seconded, it was resolved that Irving Trust Company be paid subject to our general right of reimbursement from producer.

At this point Mr. Kelly asked to be excused and left the meeting.

11. ABILENE TOWN

The Chairman stated that Jules Levey is requesting the return of the distribution rights on ABILENE TOWN. He stated that the last time this subject came up we inquired about the Television rights but that we had already waived those rights. He stated that there is no more in this picture for us and he would just as soon let the producer have it. Upon motion duly made and seconded, Management was authorized to give up the distribution rights provided we receive the usual general release from the producer.

12. CASH POSITION

The Chairman stated that the cash position in Home Office banks went down to $126,000 last week and he therefore got the domestic Sales Department to collect $250,000 in advance payments.

13. EDMUND L. DORFMAN

The Chairman stated that he received a proposal for a distribution contract from Edmund L. Dorfman to cover a picture to be produced under the title GUILTY BYSTANDER. The book has sold approximately 1,000,000 copies and the picture would be budgeted at $600,000, first money to come from Chemical Bank and Trust Company, second financing and completion bond from private sources and commencement of photography to be first week in June. After discussion, it was agreed to reject this proposal.

14. FRENCH REMITTANCES ARBITRATION

Mr. O'Brien explained briefly the dispute concerning part of the French remittances.

15. EDWARD GOLDEN

The Chairman stated that Edward Golden is requesting distribution of GUILTY OF TREASON and if we would accept this picture he would be willing to cross-collateralize it with TEXAS, BROOKLYN & HEAVEN so that we would have a chance to recover our $70,000 advance on the latter picture. This matter was tabled.

16. CONCERT MAGIC

Mr. Lazarus, Jr. stated that we have a proposal for a distribution contract for a picture to be handled by our HENRY V unit. The picture is called CONCERT MAGIC and is a straight concert of one and one-half hours. The distribution terms would be 40%. Upon motion duly made and seconded, Management was authorized to conclude this deal.

17. AMERICAN ARBITRATION ASSOCIATION

The Chairman stated that the American Arbitration Association is requesting a contribution of $1,000 from us although our last year's contribution was only $250. Upon motion duly made and seconded, a contribution of $250. was authorized.

18. METEOR PICTURES CORPORATION

The Chairman stated that he received a request from W.Lee Wilder of Meteor Pictures Corporation to extend the expiration date of its distribution contract to June 14, 1951 instead of June 14, 1950. Upon motion duly made and seconded, Management was authorized to grant this extension.

The meeting then adjourned.

Gradwell L. Sears, Chairman

Harry J. Muller, Secretary

WAIVER OF NOTICE OF SPECIAL MEETING

OF THE BOARD OF DIRECTORS

OF

UNITED ARTISTS CORPORATION

We, the undersigned, being all of the Directors of UNITED ARTISTS CORPORATION, do hereby waive notice of the time, place and purpose of a Special Meeting of the Board of Directors of said corporation, and do fix the 12th day of May, 1949 at 2:00 o'clock in the afternoon as the time, at the office of the corporation, at 729 Seventh Avenue, New York, N. Y., as the place of said meeting, and do consent to the transaction of such business as may lawfully come before said meeting.

Dated: May 12, 1949

MINUTES OF MEETING OF BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION

A special meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Thursday, May 12, 1949 at 2:00 P.M.

There were present:

Herbert P. Jacoby
Peter J. A. Cusack
Vitalis L. Chalif
Harold Weill
Charles Schwartz
Gradwell L. Sears

constituting a quorum.

There were also present Paul D. O'Brien of O'Brien, Driscoll, Raftery and Lawler, Paul N. Lazarus, Jr., Assistant to the President and Harry J. Muller, Assistant Secretary.

Mr. Sears acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to Waiver of Notice attached to these minutes.

2. ENGLISH SITUATION

The Chairman distributed to the directors present a copy of a long cable from Arthur Kelly dated May 12, 1949 and also read a short cable from Mr. Kelly dated the same date. There was discussion concerning these cables and the Chairman explained the Anglo-American talks which have occurred recently in Washington and the proposed plan between the British and American industries that has evolved from these talks.

Upon motion duly made and seconded, it was

RESOLVED, That the President go to London, England, forthwith and, because of the serious situation existing today; first, with respect to the playoff of United Artists Corporation's pictures; and second, with respect to the proposed agreement between the British and American industries, to arrive at some definite conclusion with Mr. Rank on the first item and to see what can be done to protect United Artists Corporation on the playoff of pictures with respect to the second item, and to review the entire picture existing between this company and Rank and the British industries, so that the Board of Directors of United Artists Corporation may have a definitive understanding of the Corporation's position.

The meeting then adjourned.

Gradwell L. Sears, Chairman

Harry J. Muller, Secretary

DOMESTIC SERVICE

Check the class of service desired; otherwise this message will be sent as a full rate telegram

FULL RATE TELEGRAM		SERIAL	
DAY LETTER		NIGHT LETTER	

WESTERN UNION

JOSEPH L. EGAN, PRESIDENT

1211

INTERNATIONAL SERVICE

Check the class of service desired; otherwise this message will be sent at the full rate

FULL RATE		DEFERRED	
CODE		NIGHT LETTER	

NO. WDS.-CL. OF SVC.	P.O. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED

Send the following message, subject to the terms on back hereof, which are hereby agreed to

JUNE 8, 1949

FOLLOWING WIRE TO GO TO NAMES LISTED BELOW:

CHARLES SCHWARTZ c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
HERBERT P. JACOBY c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
VITALIS L. CHALIF c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
HAROLD WEILL c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
PETER J.A.CUSACK 830 East 28th Street, New York, N.Y.

REGULAR MEETING BOARD DIRECTORS UNITED ARTISTS CORPORATION WILL BE HELD AT OFFICES OF CORPORATION, 729 SEVENTH AVENUE, NEW YORK, N.Y., TUESDAY, JUNE 14, 1949 AT 10:30 A.M.

HARRY J. MULLER, ASST. SECRETARY

CC: Mr.G.L.Sears
Mr.A.W.Kelly
Mr.P.N.Lazarus,Jr.

A NEW CURTIS SERVICE

Telegraph your order for America's favorite magazines—HOLIDAY, 1 yr., $5 • the Post, 1 yr., $6 • LADIES' HOME JOURNAL, 1 yr., $3. All prices U. S. only. No charge for wire. Pay Western Union clerk for subscription or when billed by publisher.

Publisher will, on subscriber's request, refund full amount paid for copies not previously mailed. Prices subject to change without notice.

MINUTES OF MEETING OF BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION

A meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Tuesday, June 14, 1949 at 10:30 A.M.

There were present:

Herbert P. Jacoby
Peter J. A. Cusack
Vitalis L. Chalif
Harold Weill
Charles Schwartz
Arthur W. Kelly
Gradwell L. Sears

constituting a quorum.

There were also present Paul D. O'Brien of O'Brien, Driscoll, Raftery and Lawler, Paul N. Lazarus, Jr., Assistant to the President, and Harry J. Muller, Assistant Secretary.

Mr. Sears acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETINGS

It was agreed that the reading of the minutes of previous meetings be dispensed with. Mr. Chalif said that Miss Pickford stated that both she and Mr. Chaplin believe that the minutes should contain more detail. The Board took note of this comment.

3. LETTERS FROM STOCKHOLDERS

The Chairman read to the meeting a series of letters and copies of letters that have been received by him from the Stockholders. The Chairman stated that pursuant to such letters he prepared a full report. Thereupon,

the report was read to the meeting. Such report was approved by the Directors and the Chairman was requested to send a copy of it to each of the Stockholders at the earliest moment. Thereupon, upon motion duly made and seconded, it was

> RESOLVED, that the Annual Meeting, heretofore held, which had been adjourned sine die, be reconvened and that such meeting be held on the 27th day of June, 1949 at 11 o'clock in the forenoon at the company's offices at General Service Studios, 1040 North Las Palmas Avenue, Hollywood, Los Angeles, California.

The Chairman was requested to inform the Stockholders of the foregoing action.

In order that the Stockholders might intelligently arrive at a conclusion with respect to the feasibility of the recommendations made by the Chairman in the report above mentioned, it was moved, seconded and unanimously carried that the Chairman be authorized, between this date and the date of the holding of the Stockholders' Meeting, to investigate the feasibility of the proposals and recommendations and that he report to the Stockholders his findings in respect thereto at such Annual Meeting.

A copy of the above referred to correspondence is attached hereto and marked Exhibit "A". A copy of the above mentioned report is attached hereto and marked Exhibit "B".

4. ENGLISH SITUATION

The Chairman stated that he and Mr. Kelly had two meetings with Mr. Rank and Mr. Davis and, at the second meeting Mr. Rank's attorney, Woodham Smith, was present. Because of the slow progress, the Chairman and Mr. Kelly prepared an Agenda which they submitted to Mr. Rank and to which they received replies. The Chairman then read to the meeting the Agenda and replies.

5. UNION NEGOTIATIONS

The Chairman stated that he has been negotiating with I.A.T.S.E. covering front and back room employees at our exchanges. The Union is demanding

$4.50 per week for each employee retroactive 40 weeks. The Chairman stated that he made a proposition to pay the retroactive portion June 1, 1950 and to defer part of the current increase to January 1, 1950. The Union is satisfied to accept the retroactive next June but wants the current payments increased $4.50 now. It was the sense of the meeting that the company must pay the increase as proposed.

6. ITALY

Mr. Kelly stated that he worked out a Licensed Agency contract with Ferruccia Caramelli under which he agreed to distribute certain selected pictures in Italy. He puts up a deposit of $25,000, $5,000 on signing the agreement and $20,000 on delivery of dubbing material and, in addition, he puts up 4,750,000 Lire on the "B" class pictures. The terms are 35% and we get 10%. The period of the license is five years. Mr. Kelly stated that he also received a proposition from Mr. Benifico's company, Variety Films, under which we would get shares of his company free if we go along with a distribution deal. They have cheaper product but an effective organization and Mr. Kelly stated that he is going to try to sell them the pictures that Caramelli did not take. If such a deal is not made, a possible deal for such pictures can be made with Mr. Caramelli's second company.

7. FRANCE

Mr. Kelly stated that in France we are limited to eleven pictures per year. To augment that program, he has been in touch with Pathe for two French pictures that Mr. Rouvier thinks will bring in big money. He is also endeavoring to get from Pathe three English pictures and from Renown one English picture which will be in addition to our eleven.

8. GERMANY

Mr. Kelly stated that while he was in France he negotiated with

a German firm for the distribution of our pictures in Germany. This firm has full coverage of exchanges and selling facilities and they would select 12 to 15 pictures. The contract has not yet been signed.

9. RONALD COLMAN PICTURE

The Chairman read a letter from George Bagnall submitting a proposal from James Nasser for a picture with Ronald Colman entitled CHAMPAGNE FOR CAESAR. The picture would cost $700,000, the bank loan would be $350,000, deferments $210,000 and Hughes money $140,000. The distribution fee would be 32½% and the picture would start in five or six weeks. It was duly moved, seconded and carried that George Bagnall be authorized to conclude negotiations for this picture.

10. EDWARD GOLDEN

The Chairman explained that Edward Golden wishes to make a picture entitled GUILTY OF TREASON for distribution by us. It is fully financed. Mr. Golden is willing to repay, out of the first profits of this picture, the $70,000 which we advanced on TEXAS, BROOKLYN AND HEAVEN. Distribution would be at regular 30% terms. Upon motion duly made and seconded, Management was authorized to make this deal.

11. SEYMOUR NEBENZAL

The Chairman referred to the proposal from Seymour Nebenzal for a picture called "M", submitted at the meeting May 9th. He stated that Mr. Gladstone is no longer in this situation and the picture is to be made in the United States. Upon motion duly made and seconded, Management was authorized to make this deal.

12. ENGLISH SITUATION

The Chairman stated that he received a communication from the

Earl of Warwick to the effect that the Earl would like a connection with our English subsidiary as Chairman of the Board of Directors. Since he is in a very high tax bracket, he would be satisfied to accept a nominal compensation of £1,000 per week and an expense account of £500, trips to America and Europe would be paid for separately. This matter was tabled.

13. THE PICKFORD CORPORATION

The Chairman stated that the picture LOVE HAPPY played at Manitowoc, Wisc. and opens today in Rockford, Ill. The Chairman also stated that the negative has not yet been delivered and that Mr. Cowan says that he is going back to California to re-shoot the ending. Meanwhile, we have no trailer and no posters. After discussion, the Secretary and counsel were requested to read the minutes and look up all papers and advise the Chairman of the status of all our rights and responsibilities in connection with both LOVE HAPPY and G.I.JOE. Upon motion duly made and seconded, the Chairman was authorized to take such steps as he may deem necessary in the premises.

14. WILLIAM COLLIER, JR.

The Chairman stated that he received a proposal from William Collier, Jr. for a picture to be made in England which we can purchase with Pounds. The story has to be developed although considerable footage is in existence. The Chairman stated that he would report further on this matter at the next meeting.

15. TELEVISION DISTRIBUTION OF SPORTS NEWSREEL

Mr. Lazarus, Jr. stated that we received a proposal for television distribution of a weekly Sports Newsreel under which we would defer our distribution fee until the producer has recovered his negative cost of $1,400 per weekly picture. In consideration of this deferment we would receive an extra

2½% until our deferment has been recovered. During the discussion it was brought out that each weekly picture is a separate unit for the recovery of its deferment and that such recovery would start immediately after the producer had recouped his cost on that particular weekly picture. Upon motion duly made and seconded, this arrangement was approved.

16. PREVIOUS MINUTES

Mr. Schwartz stated that he had been reviewing the minutes of the corporation and he asked a number of questions concerning matters heretofore taken up at meetings.

17. HARRY POPKIN

Mr. Kelly stated that Harry Popkin is making a picture called THE BIG WHEEL, which will be financed by Bank of America who will insist upon a deferment of 2½%. Mr. Kelly stated that Mr. Popkin is willing to guarantee this deferment if United Artists will grant it. Upon motion duly made and seconded, Management was authorized to grant this deferment upon receipt of a guarantee by Mr. Popkin.

18. INCOME TAXES

The Secretary reported on current Income Tax matters with respect to United Artists Corporation and United Artists Productions, Inc.

19. LOAN AT BANKERS TRUST COMPANY

Mr. Kelly stated that the loan at Bankers Trust Company of $400,000 matures June 30, 1949. Upon motion duly made and seconded, the proper officers were authorized to renew this loan.

20. PERU

Mr. Kelly stated that Mr. Leon Nebel, our Manager in Peru, requested

a loan of 5,000 Peruvian Soles, which is equivalent to about $750., for which he was willing to give as collateral his severance pay. Upon receipt of the proper documents this loan was given.

21. CHILEAN PICTURE

Mr. Kelly stated that we had to advance $3,000 additional to Manuel Pena Rodriguez to enable him to complete his second picture which is being made in Chile, on which we have loaned 2,000,000 Chilean Pesos. This picture is now completed and will be delivered to us in about 15 days. Our Manager advised us that the picture is very big and our investment is justified. The residual value of the first picture, CONSIDER THE LILIES OF THE FIELD, is collateral for this $3,000 loan. Because of the large rate of interest in Chile, Mr. Kelly stated that we might be able to transfer the loan to Argentine where the interest rate is less, provided a contemplated sale of 700,000 Argentine Pesos is not made.

22. THEATRES IN CALIFORNIA

The Secretary explained a profit and loss statement covering the operation of our theatres in California for the period from August 12, 1948 to April 29, 1949.

23. FINANCIAL REPORTS

There were then distributed to the directors present the following reports:

Estimated World-Wide Profit and Loss for the five months ending May 29, 1949, except Far East which is for six months and Other Foreign five months ending April 30, 1949.

Condensed Operating Statement (Foreign only) for the five months (Far East six months) ending April 30, 1949.

Monthly Cabled Report for the period ending April 30, 1949.

24. DAVID COPLAN

It was agreed that the status of the company's relationship with David Coplan be left to Messrs. Sears and Kelly.

The meeting then adjourned.

Gradwell L. Sears, Chairman

Harry J. Muller, Secretary

C
O
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Y

EXHIBIT "A"

June
6th
1949.

Dear Grad:

We would again request of Management and the Board of Directors detailed and specific recommendations in order that we may have time to discuss them before the stockholders meeting be held.

Kindest regards

Mary (Signed)

Charles (Signed)

Mr. Gradwell Sears,
United Artists Corp.,
729 Seventh Avenue,
New York, N.Y.

C
O
P
Y

June
6th
1949.

Dear Harold;

I have received your letter with respect to the stockholders meeting being reconvened and I heartily concur with you that this should be done.

However, I am hoping that Mr. Chaplin and I will receive the specific and detailed report on Management's recommendations, which we requested, in ample time to digest it prior to the meeting. To date we have not received this report.

Since we do not manage United Artists we are not as thoroughly conversant with its affairs as Management and the Board of Directors are; therefore, I would urge you, as a director of the company and as chairman of the committee which was formed to investigate ways and means of meeting the problems of United Artists, to lend your aid in having this information forwarded to us without further delay.

I am sending copies of this letter to Hi Chalif, Peter Cusick, Grad Sears and Arthur Kelly.

With kindest regards, I am, as ever

Sincerely yours,

MARY

MARY PICKFORD

Mr. Harold Weill,
9 East 40th Street,
New York, N.Y.

C
O
P
Y

June 1, 1949

Miss Mary Pickford
Pickfair
Beverly Hills, Calif.

Dear Mary:

This will acknowledge receipt of your letter of May 24, 1949.

It is true that there have been discussions in past Board meetings concerning the possibility and advisability of disposing of the company's shares in Odeon Cinema Holdings. These discussions have been completely exploratory in nature and no officer or Board member, to my knowledge, has proceeded with definite or official negotiations.

The Board members, and more particularly the company's officers, are fully aware of your desire to be consulted and to obtain your approval to the sale of the company's assets, and I shall see that your letter of May 24, 1949 is spread upon the minutes of our next Board meeting.

Sincerely,

G. L. Sears

C
O
P
Y

Beverly Hills, California
May 24, 1949.

Mr. Gradwell Sears, Pres.,
United Artists Corp.,
729 Seventh Avenue,
New York, N.Y.

Dear Mr. Sears:

We understand there has been some discussion by the Board and the officers of the possibility of a sale or other disposition of certain of the assets of United Artists Corporation, specifically the English interests. The extent to which such discussions have progressed or the proposals in connection there with are not entirely clear to us.

In the past we have never been consulted about the sale of United Artists' assets nor have we had anything to do with the disbursements of the money received from the liquidation of the company's assets. As stockholders of United Artists Corporation we are, of course, vitally interested in the preservation of all of its assets for its benefit. We would jointly request, therefore, that before any commitments be made by either the officers or the Board with respect to any of the major assets of the company, including, of course, the English interests, or any basic change in the methods of distribution of pictures, either here or abroad, the stockholders be fully advised of the nature of any proposals or contemplated action in ample time to permit us to give consideration thereto and to furnish the Board with our considered views in connection therewith for the benefit of the Board.

We are sending a copy of this letter to each of the members of the Board.

Very truly yours,

Mary Pickford (Signed)
MARY PICKFORD

Charles Chaplin (Signed)
CHARLES CHAPLIN

C
O
P
Y

May 16, 1949

Dear Mary and Charlie:

This will acknowledge receipt of your letter of May 13th concerning the 13 week operating statement ending April 12, 1949. Our domestic operation shows a loss of $76,912 and our foreign a loss of $141,088.

This loss is due to the fact that since RED RIVER, which was released September 1, 1948, we have not had a single picture which has done even mediocre business.

I am attaching hereto the release schedule from December 10th to May 20th which tells the story more graphically than anything else. THE CHAMPION is just starting in release and it will be followed by HOME OF THE BRAVE (for a few special engagements only) then AFRICA SCREAMS, TOO LATE FOR TEARS, DAN PATCH and BLACK MAGIC.

We anticipate an improvement in our domestic gross, providing of course the last mentioned pictures do even normal business. Our foreign business is affected by exactly the same factors as our domestic, in addition to the quotas and currency restrictions.

In order to meet our obligations we must have pictures which are at least playable. The pictures released from December to May are the most ordinary lot in our history. Since we have no production of our own we are obliged to take the best of those we can get which the independent market offers, and I must say the banking situation being what it is, the independent market today offers very little.

I recommend that all of us continue our efforts toward obtaining working capital to inspire bank and representative producer confidence.

I am sorry to have to write you in this vein but I am doing the very best I can with the facilities at hand and I am sure I can say the same for Arthur Kelly.

Kindest personal regards to you both,

Sincerely,

C
O
P
Y

MARY PICKFORD

May
13th
1949

Mr. Gradwell Sears,
United Artists Corp.,
729 Seventh Avenue,
New York, N.Y.

Dear Grad:

Mary and myself have met together for the purpose of discussing the report to the effect that we have lost in the first thirteen weeks of 1949 the sum of $218,000.

As this seems a very serious condition at this time when the company should be making money, Mary and I would like to know what is the cause of these losses and are most desirous of knowing what are your recommendations.

With kindest regards from us both

Charles Mary (Signed)

NOTE

Loss Figures in Red, Followed by Dash –

June 10, 1949

Mr. Charles Chaplin
1416 No. La Brea
Hollywood, California

Dear Charlie:

Referring to your letters of May 13th and June 6th, 1949, we refer you specifically to the Annual Report which your President prepared for you in complete detail on January 5th last. This report accurately reflected the operations and conditions of the company from August 5, 1947 to December 31, 1948.

On page 446 of this report, under the heading of "Conclusions", your President set forth the following -

"From the foregoing report by your management, it should be apparent that your company is in a most perilous predicament. The company finds itself without credit, working capital or any guarantee of forthcoming production. Theatre receipts are declining and, in your President's opinion, will continue to do so due to inferior pictures and the competition offered by television. The foreign markets are rapidly depleting and will undoubtedly get worse before they get better. It is our opinion that your Odeon asset is a dead asset and saleable only through one source, namely, J. Arthur Rank. It is true the corporation has a sizeable backlog which, with the exception of one picture, RED RIVER, will be slow liquidation due to the inferior quality of the unliquidated pictures. Your forthcoming production, such as it is, is questionable at best.

I assure you that it is with no pleasure or satisfaction that your management must forecast such a dismal outlook. Nevertheless, we are honest and realistic enough to present the facts in their true light and perspective. We have realized this condition was imminent for some time and have so advised your directors. After the last source of production money was eliminated, we appointed a committee of your directors, namely, Vitalis Chalif, Harold Weill, E. Claude Mills and Charles Schwartz, to study this dilemma and present you with plans for reorganization or other alternatives which in their determination could possibly save this situation. Their report will be in your hands on or before January 17, 1949.

"The United Artists Corporation has a great name, but it must have working capital in order to inspire confidence of banking institutions and worthwhile production. Without capital, credit or proper production, it cannot now long continue to meet its obligations".

Since the above conclusions were submitted for your consideration, five and a half months have elapsed. We are setting forth herein the results of our operations for the aforementioned five and a half months -

	Income Corp. Share	Expenses	Loss
Domestic	$1,722,122 (23 wks)	$1,848,473 (22 wks)	$126,351 -
Foreign	$ 882,800	$1,155,000	272,200 -
		Total	$398,551 -

(See attached exhibit "A" for detailed statement)

A careful study of the above truly reflects the accuracy of your President's conclusions of January 5, 1949.

Your committee composed of Messrs. Weill, Chalif, Schwartz and Mills, made certain recommendations which were read orally and then placed in your hands together with the Annual Report. These recommendations were not acted upon in any definitive manner. Instead an exchange of options between the stockholders was effected which maintained the status quo position of the company for a period of ninety days. It is a fact that these options came to naught. We, therefore, find ourselves in the midst of exactly the same crises anticipated by your management and directorate except that time has taken its inexorable toll.

We recommend the following -

(A) That stockholders appoint a firm or individual competently qualified to sell treasury stock in an amount sufficient to guarantee proper working capital. This should be done even if voting and share control accrues to the stock thus sold.

or

(B) That a firm or individual properly qualified be fully empowered to effect a merger with one of the existing motion picture companies.

or

(C) That a person properly qualified be given full authority to solicit new management who can and will assure sufficient banking credits and/or a continuing supply of quality product.

or

(D) That the present stockholders supply adequate working capital.

Failing to accomplish any of the above within a sixty day period, it is our belief that dissolution of the corporation is indicated.

I feel obliged to point out the fact that as of June 10, 1949, there are but four pictures delivered and unreleased. There are four additional pictures completed and undelivered, and only two pictures in production. Beyond this our prospects for future production are highly dubious. The Corporation's working capital is non-existent and its bank balances are perilously low. (see attached Bank Balance report dated June 13, 1949)

The recommendations set forth above are no way new or original since they have been made repeatedly over the past several years by every financial institution with which your corporation has dealt directly or indirectly.

This company has maintained itself throughout the years distributing quality pictures and any compromise with quality, because of necessity or otherwise, has lessened its stature by the extent of the compromise.

In conclusion we must repeat our observations of January 5th, 1949, that unless your corporation is reorganized and proper working capital is made available, it cannot long survive.

Respectfully submitted,

G. L. Sears

EXHIBIT "A"

PROFIT AND LOSS IN UNITED STATES AND CANADA
FOR LAST 23 WEEKS

WEEKLY RESULTS BASED ON WEEKLY OPERATING STATEMENTS

W/E 1949	P. & E.	Estimated Corp. Share of P. & E. (24.849%)	Exchange Operating	H.O. Excl. Advtg.	Advtg.	Total Operating Expenses	Profit or Loss —
Jan. 8	$371,024	$ 92,196	$ 40,976	$ 32,937	$ 8,065	$ 81,978	$ 10,218
15	382,870	95,139	46,738	35,507	2,683	86,928	8,211
22	410,453	101,993	48,681	26,542	2,306	77,631	24,362
29	378,873	94,146	48,151	26,196	5,427	79,774	14,372
Feb. 5	358,096	88,983	46,692	33,705	14,205	94,802	6,619 —
12	368,983	91,689	51,334	32,086	3,937	87,357	4,332
19	356,472	88,580	47,510	* 39,577	2,923	90,010	1,437 —
26	331,612	82,402	47,697	26,938	2,386	77,021	5,381
Mar. 5	323,833	80,469	47,428	45,205	9,745	102,378	21,909 —
12	302,280	75,114	48,478	28,102	5,738	82,318	7,204 —
19	286,112	71,093	47,698	29,510	4,006	81,314	9,721 —
26	278,289	69,152	47,979	33,755	1,617	73,351	4,199 —
Apr. 2	261,513	64,983	49,521	36,026	6,337	91,884	26,901 —
9	256,906	63,814	50,386	29,434	2,493	82,313	18,496 —
16	281,809	70,027	48,679	30,545	3,945	83,169	13,142 —
23	270,797	67,290	47,541	25,810	2,777	76,128	8,830 —
30	239,847	59,600	45,840	26,952	1,765	74,557	14,957 —
May 7	246,111	61,156	47,749	39,081	2,968	89,798	28,642 —
14	258,162	64,151	50,000	31,562	12,645	94,207	30,056 —
21	310,241	77,092	48,353	32,425	2,275	83,053	5,961 —
28	291,173	72,354	48,581	26,543	1,732	76,856	4,502 —
June 4	362,987	90,199	46,677	33,635	1,534	81,846	8,353
11	318,230	79,077					
		$1,722,122				$1,848,473	$126,351 —

*Includes H.O. I.A.T.S.E. union increases retroactive to Oct. 6, 1949 - $10,212.

Note:- The above figures do not include Other Income or Other Expenses.

EXHIBIT "A"

ESTIMATED FOREIGN PROFIT OR LOSS
FOR THE 5 MONTHS ENDING APRIL 30, 1949
EXCEPT FAR EAST WHICH IS FOR 6 MONTHS

TERRITORY	P. & L.	CORP. SHARE INCL. OTHER INCOME	EXPENSES OPERATING & PRINTS	PROFIT OR LOSS
Subsidiaries & Branches				
England	$1,161,300	$ 334,500	$ 371,300	$ 63,200
Export Co.	207,800	50,600	52,700	[illegible]
France & No. Africa	235,700	63,000	93,800	30,900 –
Belgium & Luxemburg	49,200	17,100	27,900	10,800 –
Switzerland	24,600	9,300	12,900	3,600 –
Sweden	39,200	12,800	22,300	9,500 –
Denmark	15,600	6,500	7,100	600 –
Australasia	160,500	64,800	91,200	26,400 –
China (Hong Kong)	11,900	5,700	7,400	1,700 –
Philippine Islands	85,600	30,300	23,300	7,000
India, Burma, Ceylon	46,800	17,700	28,500	10,800 –
South Africa	71,800	11,400	33,300	21,900 –
Singapore	39,700	15,100	18,600	3,500 –
Argentina, Uraguay, Par.	61,800	26,600	69,000	42,400 –
Brazil	153,800	66,200	90,200	24,000 –
Chile	27,000	15,300	32,300	17,000 –
Colombia	24,500	12,100	16,300	4,200 –
Cuba	41,100	14,100	25,500	11,400 –
Puerto Rico	30,900	11,000	14,000	3,000 –
Peru & Bolivia	19,100	7,900	14,700	6,800 –
Cristobal Territories	59,300	27,100	38,900	11,800 –
Licensed Agents				
Mexico	21,600	6,100	6,500	400 –
Egypt	24,600	4,600	3,700	900
Israel	–	–	–	–
Holland	20,400	17,100	13,700	3,400
India	21,600	9,700	4,200	5,600
Sales Out of New York	142,200	26,200	–	26,200
	$2,837,300	$ 882,800	$1,019,300	$ 136,300 –
		Home Office Foreign	135,700	135,700 –
			$1,155,000	$ 272,000 –

Note: The estimated foreign home office expenses for the 5 months ending May 28, 1949 is $135,700 which is deductible to determine net results.

HOME OFFICE DAILY BANK BALANCES

TO _____ DATE June 15, 1942

IRVING TRUST CO.	Balance from Previous Day	70,000.00	
	Deposits		
	Withdrawals		
	Balance Today		70,000.00
CHASE NATL. BANK	Balance from Previous Day	5,000.00	
	Deposits		
	Withdrawals		
	Balance Today		5,000.00
NATIONAL CITY BANK	Balance from Previous Day	281,205.84	
	Deposits	26,114.44	
	Withdrawals	202,917.36	
	Balance Today		102,403.02
CHEMICAL BANK & TRUST COMPANY	Balance from Previous Day	20,000.00	
	Deposits		
	Withdrawals		
	Balance Today		20,000.00
SECURITY Ist. NATL. BANK OF L.A.	Balance from Previous Day	60,901.34	
	Deposits		
	Withdrawals		
	Balance Today		60,901.34
BANK OF A. B. H.	Balance from Previous Day	60,598.18	
	Deposits		
	Withdrawals		
	Balance Today		60,598.18
GUARANTY TRUST CO.	Balance from Previous Day	21,199.34	
	Deposits		
	Withdrawals		
	Balance Today		21,199.34
BANKERS TRUST COMPANY	Balance from Previous Day	70,604.12	
	Deposits		
	Withdrawals		
	Balance Today		70,604.12
DOMINION BANK	Balance from Previous Day	63,762.01	
	Deposits		
	Withdrawals	6,243.91	
	Balance Today		57,519.10
	TOTAL BALANCE		468,228.10

DEPOSITS FOR CURRENT WEEK

Domestic	296,300.06	
Foreign	120,194.56	
Total Deposits to Date	416,494.62	
Total Withdrawals this Week		351,026.87

CASHIER _____ COMPTROLLER _____

NO. WDS.	CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED

Send the following message, subject to the terms on back hereof, which are hereby agreed to

JULY 14, 1948

FOLLOWING WIRE TO GO TO NAMES LISTED BELOW:

CHARLES SCHWARTZ c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
HERBERT P. JACOBY c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
VITALIS L. CHALIF c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
HAROLD WEILL c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
PETER J. A. CUSACK 880 East 88th Street, New York, N.Y.

TIME FOR UNITED ARTISTS DIRECTORS MEETING CHANGED TO 10:30 A.M. TUESDAY, JULY 19, 1948

HARRY J. MULLER, ASST. SECRETARY

cc: Mr.S.L.Scott
Mr.A.W.Kelly
Mr.P.N.Lazarus, Jr.

A NEW CURTIS SERVICE

Telegraph your order for America's favorite magazines—HOLIDAY, 1 yr., $5 • the Post, 1 yr., $6 • LADIES' HOME JOURNAL, 1 yr., $3. All prices U. S. only. No charge for wire. Pay Western Union clerk for subscription or when billed by publisher.

Publisher will, on subscriber's request, refund full amount paid for copies not previously mailed. Prices subject to change without notice.

NO. WDS. CL. OF SVC.	FD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED

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JULY 14, 1949

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HAROLD WEILL c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
PETER J. A. CUSACK 820 East 86th Street, New York, N.Y.

REGULAR MEETING BOARD DIRECTORS UNITED ARTISTS CORPORATION WILL BE HELD AT OFFICES OF CORPORATION, 729 SEVENTH AVENUE, NEW YORK, N.Y., TUESDAY, JULY 19, 1949 AT 11 A.M.

HARRY J. MULLER, ASST. SECRETARY

cc: Mr.G.L.Sears
Mr.A.W.Kelly
Mr.P.H.Lazarus,Jr.

A NEW CURTIS SERVICE

Telegraph your order for America's favorite magazines—HOLIDAY, 1 yr., $5 • the Post, 1 yr., $6 • LADIES' HOME JOURNAL, 1 yr., $3. All prices U. S. only. No charge for wire. Pay Western Union clerk for subscription or when billed by publisher.

Publisher will, at subscriber's request, refund full amount paid for copies not previously mailed. Prices subject to change without notice.

MINUTES OF MEETING OF BOARD OF DIRECTORS
OF UNITED ARTISTS CORPORATION

A meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Tuesday, July 19th, 1949 at 10:30 A.M.

There were present the following directors:

Messrs: Herbert P. Jacoby
Peter J. A. Cusack
Vitalis L. Chalif
Charles Schwartz
Arthur W. Kelly
Gradwell L. Sears

constituting a quorum.

There were also present Paul D. O'Brien, of O'Brien, Driscoll, Raftery and Lawler and Paul N. Lazarus, Jr., Assistant to the President.

Mr. Sears acted as Chairman and Mr. O'Brien acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to the minutes.

2. MINUTES OF PREVIOUS MEETINGS

Upon motion duly made and seconded, it was agreed that the reading of the minutes of the last meetings be suspended until the next meeting of the Board.

3. RESOLUTION NO.3 OF MEETING OF JUNE 14, 1949

The President called the attention of the meeting to the resolution No.3 of the meeting of June 14, 1949 which pertained to

(a) The calling of the Annual Stockholders' Meeting and setting of the date at which the Annual Stockholders Meeting was to be reconvened which Annual Stockholders Meeting had been called for a previous date at which time such meeting was postponed at the request

of the stockholders,

(b) The correspondence which the President had received at that time from the stockholders, which correspondence he had brought to the attention of the meeting,

(c) His response thereto setting forth certain recommendations he was making pursuant to the stockholders' request.

The President reported that he made a complete study of these recommendations and had canvassed with responsible people the possibilities of bringing each of them into being. He reported that each of his plans could be worked out with the approval of the stockholders.

He reported specifically on his negotiations with the following:

1) HAROLD HOPPER, whose proposition encompassed, among other things, a proposed purchase of the Treasury Stock at $1.00 per share, and an investment of $3,500,000 in preferred stock, and

2) DAVID LOEW, whose proposition encompassed, among other things, the purchase of Treasury Stock for $1,000,000, a loan of $3,000,000, tieing in other independent producers who would subscribe $50,000 each for common stock, such independent producers to be ten (10) in number. Additional money also to come from vendors, laboratories, advertising agencies and others who dealt with and benefitted from such production.

3) HOWARD HUGHES. President reported that he had discussed with Howard Hughes the possibility of a merger of United Artists with RKO, and that Howard Hughes had expressed his opinion that such a merger might be feasible.

4) EDWARD SMALL. President reported that he had discussed with Edward Small of coming into the corporation, arranging financing, and taking charge of production, and that Edward Small had expressed his opinion that such an arrangement might be feasible.

The President reported to the meeting that in each instance, however, it was an express condition that none of these transactions could be completed without the approval of the stockholders, and that he had reported each transaction to the stockholders, and that each of them had turned down each proposal.

The President reported, however, that Mr. Chaplin had inquired of him as to the attitude of the banks in the event that United Artists could arrange in someway or other to procure new capital.

The President reported that he and the other officers of the company had interviewed each bank and gave a full report of such interview.

4. ANNUAL MEETING

The President reported that he had brought up the question of an annual meeting with the stockholders, and that each declared it did not wish an annual meeting to be held at this time, at least until the officers of the company had canvassed the banks and had reported their attitude.

5. MARY PICKFORD

The President reported to the meeting that Miss Pickford advised him that she had plans of her own which she had made known to Mr. Chaplin but that she did not disclose her plans to him.

6. CASH POSITION

Mr. Kelly reported to the meeting the cash position of the company.

7. PROGNOSTICATION

The officers of the company reported to the meeting their estimates of business which would be done by the company over the next few months.

8. FUTURE PRODUCT

The President reported to the meeting such information as he had concerning future product to be delivered to the company for distribution.

9. "LOVE HAPPY"

Upon motion duly made, seconded and unanimously adopted, it was

RESOLVED, that the motion picture LOVE HAPPY should be accepted for distribution on the preferred terms set forth in the distribution agreement with The Pickford Corporation, dated March 1, 1947.

The President reported to the meeting that the producer, however, had not yet delivered the picture LOVE HAPPY to United Artists.

10. PRODUCTION DEALS

Distribution deals were accepted on the following and the officers of the company were instructed to execute appropriate contracts therefor, subject to the contracts being prepared and approved by counsel:

a) ALCORN PRODUCTIONS, INC.

Picture	"JOHNNY HOLIDAY"
Time of Delivery	Before January 1, 1950
Cost	$630,000.
Terms	30% United States, England and Canada, regular terms throughout the rest of the world.
Special Condition	Producer to have right within 30 days of completion of picture to purchase from United the distribution rights to the picture for a cash payment of $100,000.
Financing	Ronald Alcorn will completely finance the picture and it is in production at the present time.

b) ORBIT PRODUCTIONS, INC.

Picture	"THE HARD PILLOW"
Time of Delivery	Photography will commence approximately September 16, 1949.
Cost	Approximately $500,000.
Terms	30% United States, England and Canada, and regular terms throughout the rest of the world.
Financing	Picture will be fully financed.
Producers	Constantin David and Anthony Z. Landy

c) JAMES NASSER PRODUCTIONS

2 Pictures (1st)	"JOE MACBETH"
Cost	Approximately $500,000 or more.
Time of Delivery	Photography will commence approximately September 15, 1949.

(2nd) A DICK POWELL picture

Approval — Story must be submitted within 60 days of execution of contract, otherwise Company will not be bound for this picture with Nassers.

Terms — To be in accordance with agreement of January 22, 1949 involving the Hughes Tool Company money, and the Nasser Brothers intentions are to use the Hughes Tool Co. money to the extent of 20% of the budget in each of these pictures.

d) FILMCRAFT TRADING CORPORATION

Picture	"THE WHIP"
Time of Delivery	
Cost	Approximately $600,000.
Terms	30% United States, Canada and England and regular terms throughout the world.
Producer	Al Chester

Monogram Pictures will finance and advance certain charges to be enumerated in a supplemental agreement.

e) ROXBURY PRODUCTIONS, INC.

4 Pictures

1st Picture	"THE BEST THINGS IN LIFE"
Time of Delivery	Photography to commence no later than August 1, 1949.
Cost	$600,000.
Director	Albert S. Rogell
2nd Picture	"BLACKMAIL"
Cost	$400,000.
Director	Marion Parronnet
Time of Delivery	Photography to commence approximately September 15, 1949.
3rd Picture	"MR. SANDS"
Cost	Approximately $650,000.
Time of Delivery	Photography to commence the early part of 1950.
Director	A top Free-lance director.
4th Picture	"ICED HELL" (Tentative)
Cost	$600,000.
Director	A top Free-lance director.

Distribution terms:

27½% of which 2½% will be deferred until the bank loan is paid off,

30% until the 2½% previous deferment is picked up,

32½% as soon as negative cost is recouped, and thereafter.

11. "AS YOU LIKE IT"

(a) The President presented to the meeting a memorandum he had received from Mr. Kelly which stated that it had come to his attention that some of the officers, directors and employees of the company had taken an interest in AS YOU LIKE IT. The President ordered the memorandum attached to the minutes of the meeting. The President then reported the results of his investigation, which were set forth in a memorandum prepared and submitted by Paul Lazarus, Jr., which memorandum the President ordered attached to the minutes of the meeting. Mr. Lazarus stated, on behalf of those interested, their willingness to sell their respective interests in the picture to United Artists Corporation upon request at any time.

It was moved, seconded and unanimously

> RESOLVED, that thereafter no director, officer or employee of United Artists should take any interest in any production to be distributed by the corporation unless and until he made a full report of such interest to the Board of Directors, but that this resolution was adopted without implying any censure or criticism to those who had taken an interest in AS YOU LIKE IT for the purpose of securing that picture for distribution through the United Artists at the terms satisfactory to United Artists.

(b) Mr. Kelly reported a letter from Phillips, Nizer, Benjamin and Krim questioning the right of United Artists to distribute AS YOU LIKE IT.

This letter was referred to counsel for investigation and report.

12. DANZIGER BROS.

Mr. Kelly stated that the transaction with the Danziger Brothers was not presently clear because of an overlapping of a subsequent contract with a former contract. The matter was referred to counsel for clarification.

13. TOWNE THEATRE, MILWAUKEE

Mr. Kelly reported that the payment due arising out of United Artists' interest in this theatre had been received.

14. "THIS SIDE OF INNOCENCE"

The President reported that he was in negotiations for the purpose of securing a settlement of this matter.

It was moved, seconded and unanimously

RESOLVED, that the President be authorized to accept $100,000 and to give a full release of any interest United Artists might have in this picture.

15. WALTER HELLER & CO.

Mr. Heller had requested the return of the distribution rights in the following pictures:

Titles	Expiration Dates
BACHELOR'S DAUGHTERS	9/6/51
BEDSIDE MANNER	6/22/50
DELIGHTFULLY DANGEROUS	3/31/50
PARIS UNDERGROUND	9/14/50

It was moved, seconded and unanimously

RESOLVED, that the pictures, BACHELOR'S DAUGHTERS, BEDSIDE MANNER, DELIGHTFULLY DANGEROUS and PARIS UNDERGROUND, be returned to Walter Heller & Co. provided there be obtained from the respective producers the customary releases.

The matter was then referred to counsel for action.

16. POSSIBLE MERGER OF DISTRIBUTION FACILITIES IN FOREIGN COUNTRIES

Mr. Kelly reported that he had been approached by another company with the suggestion, because of decreased earnings arising out of the restrictions presently current in some foreign countries, that in the interest of economy, a merger of distribution facilities in certain countries might be accomplished.

It was moved, seconded and unanimously

RESOLVED, and Mr. Kelly was instructed that United Artists was not interested at this time in disposing of or merging any of its distribution facilities.

17. "G.I.JOE"

The President reported that Mr. Cowan wished to have United Artists give up its re-issue rights to G.I.JOE. He reported originally distribution of the picture had been contemplated as a unit with BLOOD ON THE SUN. This had failed to materialize and, therefore, he did not think that the distribution of G.I.JOE alone as a re-issue would be good business for United Artists.

It was moved, seconded and unanimously

> RESOLVED, that the distribution rights should be returned to Lester Cowan provided appropriate instrument would have to be prepared and approved by counsel, and provided any and all advances that had been made on behalf of the picture would be paid.

18. "IF THIS BE SIN"

Management reported that Edward Small had procured the distribution rights to an English picture entitled IF THIS BE SIN and the Management was authorized to negotiate for the distribution of this picture with Edward Small.

There being no further business, the meeting was adjourned.

Gradwell L. Sears, Chairman

Paul D. O'Brien, Secretary

To: MR. GRADWELL L. SEARS

From: ARTHUR W. KELLY July 6, 1949

CONFIDENTIAL:

You recall that I spoke to you before you went to the Coast that it had come to my knowledge that certain officials of United Artists Corporation are financially interested in the picture AS YOU LIKE IT, which we are distributing through the Anten office.

I was asked whether I had an interest in it as it was considered common knowledge that all of us were participating. I want to go on record to state that I have no interest in AS YOU LIKE IT in any shape or form, directly or indirectly, and neither was I approached to participate.

You likewise have made the same statement.

You promised on your return that you would investigate this, but I presume you just haven't had the time, but unsolicited by me, Eddie Schnitzer told me he had a financial interest in AS YOU LIKE IT but he doesn't say who else and neither did I ask for any further information except that I told him this was not allowed by the Board of Directors.

I thought you might want this information so you can have it for your investigation as undoubtedly this will come before the Board of Directors before long.

A.W.K.

To: GRAD SEARS

From: PAUL N. LAZARUS, JR. JULY 17, 1949

In response to your request for information on AS YOU LIKE IT, these are the facts:

Early in March a proposal for distribution by this company was presented to me by Distinguished Films, Inc. (Oliver Unger and Martin Levine). I negotiated the deal to the best of my ability and presented to Mr. Kelly, in your absence, a proposition whereby United Artists could obtain distribution in the United States and Canada of this production at a distribution fee of 60 percent in consideration of an advance of $25,000 to be made to the owners of the film, Guaranteed Pictures, Inc. Mr. Kelly polled the directors by phone and subsequently by letter under date of March 15th, 1949. He reported to me that the directors would not authorize the necessary advance upon which this deal was predicated.

At the meeting of the Board of Directors on Friday, April 1st another distribution proposal on this picture was presented to the Board at normal 30 percent terms and without any advance required. The board urged that we obtain 40 percent, if possible, but agreed to accept 35 percent if that were the best obtainable. I took this proposition back to Oliver Unger and Martin Levine and, after considerable discussion, was able to effect distribution at 35 percent.

Unger and Levine were then faced with the problem of obtaining the $25,000 advance for the present owners of the film and solicited my advice and help in this respect. My faith in the picture had been obvious and vocal from the very beginning. I felt willing to back this faith with my own money. I discussed the matter with several other people within the company structure who felt exactly as I did. The net result was that a group was formed who jointly invested the necessary amount to cover the required advance. Those members of the group who are affiliated in any way with United Artists either as employees or as management are as follows:

Paul N. Lazarus, Jr.
Edward M. Schnitzer
Fred Jack
Vitalis Chalif
Captain Harold Auten
Francis Winikus

A loan agreement was signed in behalf of this group with Distinguished Films on April 18, 1949.

These, then, are the facts in the matter. There has never been any attempt at subterfuge and I feel that I and my associates have acted in complete good faith at all times with United Artists.

If there is any further information you desire which I have inadvertently omitted, I shall be happy to supply it.

PNL (Signed)

DOMESTIC SERVICE
Check the class of service desired; otherwise this message will be sent as a full rate telegram

FULL RATE TELEGRAM		SERIAL	
DAY LETTER		NIGHT LETTER	

WESTERN UNION

1211

JOSEPH L. EGAN, PRESIDENT

INTERNATIONAL SERVICE
Check the class of service desired; otherwise this message will be sent at the full rate

FULL RATE		DEFERRED	
CODE		NIGHT LETTER	

NO. WDS.-CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	TIME FILED

Send the following message, subject to the terms on back hereof, which are hereby agreed to

AUGUST 9, 1949

FOLLOWING WIRE TO GO TO NAMES LISTED BELOW:

CHARLES SCHWARTZ c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
HERBERT P. JASCHY c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
VITALIS L. CHALIF c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
HAROLD WEILL c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
PETER J. A. CUSACK 520 East 86th Street, New York, N.Y.

REGULAR MEETING BOARD DIRECTORS UNITED ARTISTS CORPORATION WILL BE HELD AT OFFICES OF CORPORATION, 729 SEVENTH AVENUE, NEW YORK, N.Y., TUESDAY, AUGUST 16, 1949 AT 10:30 A.M.

HARRY J. MULLER, Asst.Secretary

cc: Mr.S.L.Sears
Mr.A.W.Kelly
Mr.P.N.Lazarus,Jr.

A NEW CURTIS SERVICE

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Publisher will, on subscriber's request, refund full amount paid for copies not previously mailed. Press subject to change without notice.

MINUTES OF MEETING OF BOARD OF DIRECTORS
OF UNITED ARTISTS CORPORATION

A meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Tuesday, August 16, 1949 at 10:30 A.M.

There were present:

Herbert P. Jacoby
Peter J. A. Cusack
Vitalis L. Chalif
Harold Weill
Arthur W. Kelly
Gradwell L. Sears

constituting a quorum.

There were also present Miss Mary Pickford, Paul D. O'Brien of O'Brien, Driscoll, Raftery and Lawler, Paul N. Lazarus, Jr., Assistant to the President and Harry J. Muller, Assistant Secretary.

Mr. Sears acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, it was agreed to dispense with the reading of the minutes of the previous meeting inasmuch as they were circulated to all directors and stockholders.

3. PICTURE FINANCE CORPORATION OF WORCESTER, MASS.

The Chairman read a proposal for first and second money financing which he received from Jack Lyons of Picture Finance Corporation of Worcester, Mass. He also read a Dun and Bradstreet report covering this corporation. In substance, the proposal is to provide for the first and second money financing on 12 to 15 pictures per year, for a period of three years, such

financing to be 70% of negative cost not to exceed $1,000,000, interest at 6% per annum, but United Artists Corporation is to set aside 4% of its total gross from the signing of the contract as a reserve fund until it reaches $1,000,000. After a picture is in distribution 12 months, if it has not recovered its advance, the Finance Corporation has the right to draw on the reserve fund for the deficiency and the 4% payments resume until the fund is again brought up to $1,000,000. The Finance Corporation would also receive a straight commission of 1% on the gross business of all United Artists Corporation's pictures in addition to 25% of the profits of each picture. Distribution fees would be 30% to 32½% in the United States, Canada and England and regular terms in foreign. The Finance Corporation would engage a chartered accountant at $25,000 per year, United Artists Corporation to bear part or all of his salary. The Dun and Bradstreet report indicated a net worth of less than $200,000 for the Finance Corporation.

4. EDWARD SMALL

The Chairman explained that after Edward Small's Eagle-Lion negotiations fell through, Mr. Small made a proposal for a five year deal with a minimum of three and a maximum of ten pictures per year, Mr. Small to devote his exclusive service to these pictures for the five year period. When the domestic returns of these pictures had equaled $12,500,000 he wanted a one-third share of the stock of the company, such stock to be escrowed during the period of the contract under an arrangement which would give him equal voting rights such as David Selznick had. He wanted to form a financing corporation which would finance pictures over and above those made by his own company, such financing company to include participation of Miss Pickford and Mr. Chaplin. Two days later, he submitted another scheme which contained above eight changes from the original scheme. Shortly thereafter, he had another scheme and the Chairman asked him to reduce it to writing but Mr. Small mentioned a previous appointment and the

Chairman has not seen him since. Mr. Kosiner advised him, however, that Mr. Small will call him this week with a better scheme.

5. BANKERS TRUST COMPANY

The Chairman stated that he had discussions with Alex Ardrey of Bankers Trust Company and Mr. Ardrey's thinking is exactly the same as it was three years ago, namely, if, as and when, we put our house in order, he will be ready to finance our producers.

6. DOMESTIC FORECAST

The Chairman explained that he had a forecast prepared estimating the domestic Played and Earned for the last 22 weeks of 1949 and it shows an average weekly film rental of $381,500.

7. "LOVE HAPPY"

The Chairman explained that Consolidated Laboratories is holding the negative of LOVE HAPPY because the producer, Artists Alliance, owes it $32,000. We have only four prints of this picture. Lester Cowan proposed that Artists Alliance would give up the sliding scale if we would pay the Laboratory $32,000. Miss Pickford stated that Mr. Cowan has no right to give up the sliding scale and the matter was tabled.

8. "G.I.JOE"

Mr. Kelly stated that a paper was drawn up terminating our distribution world-wide on G.I.JOE but this paper was never signed because it should have been limited to United States and Canada. Lester Cowan told Chemical Bank that he was going to give G.I.JOE world-wide to Eagle-Lion and that Eagle-Lion could get a circuit booking in England on G.I.JOE. Paul O'Brien stated that Lester Cowan only made a domestic deal with Eagle-Lion and that we were served with a notice by the real owners of G.I.JOE that we should not release the picture in England unless we get a circuit deal. After discussion and upon motion

duly made and seconded, it was resolved that the termination of our distribution rights to G.I.JOE should be limited to United States and Canada.

9. ROONEY-STIEFEL-HARRY POPKIN INJUNCTION PROCEEDINGS

The Chairman explained that we invested some of the Hughes money in the production of a Mickey Rooney picture called "QUICKSAND", and a second Mickey Rooney picture called THE BIG WHEEL is being made by the same producer but through the Harry Popkin contract. The Nasser Brothers have an investment in QUICKSAND and have secured a temporary restraining order which prevents the release of THE BIG WHEEL until a court hearing. The Nasser Brothers want the release of THE BIG WHEEL delayed until three months after the release of QUICKSAND. The Chairman read a telegram from Loyd Wright and one to Loyd Wright and also a telegram from Charles A. Loring. Mr. O'Brien stated that the title of QUICKSAND interferes with a 20th Century picture called SAND. This matter was referred to Mr. O'Brien.

10. COLOSSEUM DEMANDS FOR INCREASES

The Chairman explained that the Colosseum of Motion Picture Salesmen has been organized for about a year and have now come forward with new demands for salary and expense increases and pensions. The Chairman stated that he is unwilling to give these increases.

11. INCOMPLETE DISTRIBUTION CONTRACTS PREVIOUSLY APPROVED

The Chairman stated that CHAMPAGNE FOR CAESAR, which was originally to use some of the Howard Hughes money, is now to come under the Harry Popkin contract; "M" will be made in Mexico and the producer will complete the picture without a distribution contract (Mr.Bagnall stated that Milton Gladstone is again in this situation); Edward Golden has gotten Jack Wrather to finance GUILTY OF TREASON and will choose a distributor after completion of the picture; production of JOE MACBETH was abandoned inasmuch as Bank of America refused to make a loan after reading the script.

12. HARRY POPKIN

The Chairman stated that Harry Popkin requested that the quality clause in his contract be amended to permit him to make the picture DEAD ON ARRIVAL for $550,000 instead of $750,000 as provided in the contract. Mr. Kelly stated that Mr. Popkin also wishes the quality clause modified with respect to all other future pictures from $750,000 to $600,000. After discussion and upon motion duly made and seconded, it was resolved that Management be authorized to amend the quality clause of the Harry Popkin contract to permit the cost of future pictures to be reduced from $750,000 to $600,000 per picture and on the picture DEAD ON ARRIVAL to grant a special exception for a minimum cost of $550,000.

13. HOLLAND

Mr. Kelly stated that our licensed agency contracts usually provide for a bank account in the name of United Artists Corporation into which is deposited our share of all film rentals. In Holland, part of the money is blocked and, if we place the blocked portion in a bank account in our name, we have been advised that we might lose some privileges of transfer whereas, if it is left in Mr. Strengholt's account, transfers could be readily made as opportunities occur. After discussion and upon motion duly made and seconded, it was resolved that the blocked portion of our money in Holland be segregated from Strengholt's funds and placed in the account of United Artists Corporation.

14. FRANCE

Mr. Kelly explained that our French subsidiary has suggested that certain bookkeeping entries be made whereby we would give up certain accounts receivable from our subsidiary in order to reduce its deficit. Upon motion duly made and seconded, it was resolved that we accept the suggestion of our French subsidiary, subject to the approval of Price, Waterhouse & Co. and our counsel in France.

15. TOWER PICTURES, INC.

Mr. Kelly explained that due to our inability to provide "quota" with respect to the motion picture JIGSAW, Tower Pictures, Inc. requested the elimination of France and its colonies from the distribution contract and that he had canvassed the directors and they had granted their approval individually and he now requested ratification. Upon motion duly made and seconded, it was resolved that the Board ratify the action of Management in eliminating France and its colonies from the JIGSAW distribution contract.

16. "IF THIS BE SIN"

The Chairman referred to an English picture entitled IF THIS BE SIN starring Myrna Loy which was mentioned at the last meeting. Edward Small has an interest in this picture and we can get the distribution rights for the Western Hemisphere on the basis of 32½% for U.S., producer paying all charges and standard terms for Latin America. Upon motion duly made and seconded, Management was authorized to make this deal.

17. GERMANY

Mr. Kelly explained that he has a proposed deal with Omnium Films, the principal owner of which is Mr. Laniado, for a five year license agency arrangement for Germany, which calls for a deposit of 200,000 to 500,000 Marks. This licensee is unable to put up this deposit because of the large amount required to finance dubbing and raw stock, which runs about 30,000 Marks per picture. Omnium will also handle Disney pictures and RKO product. After discussion, this matter was tabled. Mr. Kelly stated the company has another prospect, Prisma Films. The Board suggested that Mr. Kelly go to Germany personally to investigate.

18. WORLD SCREEN PLAYS LTD.

Mr. Kelly submitted a proposal from World Screen Plays Ltd. for distribution of O MISTRESS MINE in the Western Hemisphere excluding Canada, terms

for United States 32½% to $400,000, 35% from $400,000 to $550,000 and 40% thereafter and regular standard terms for the other territories. The picture is to be made in England by Anatole de Gruenwald. The Nasser brothers have taken an interest in this picture. Upon motion duly made and seconded, this deal was authorized.

19. ALLIED ARTISTS - MONOGRAM

The Chairman stated that with respect to the pictures RED LIGHT, GUN CRAZY and THE WHIP, Allied Artists and Monogram desire that we give up distribution in Great Britain, Irish Free State, Gibraltar, Malta and Ships-at-Sea. They have a reciprocal arrangement with Pathe and it is felt that they can get a circuit deal with the ABC circuit on these pictures and they are willing to pay us 12½% of the gross on all three pictures. After discussion and upon motion duly made and seconded, the following resolution was adopted:

> They would give consent to give up distribution of RED LIGHT, GUN CRAZY and THE WHIP to Associated British Pathe in Great Britain, with the proviso that Monogram or Pathe assure the United Artists Corporation that they have screened the pictures and will secure a circuit deal with the A.B.C. Circuit and be played as an "A" feature within a period of six months from August first. In the event that there is no assurance that the pictures will play as "A" features, then United Artists Corporation cannot give up the distribution of the pictures. In consideration of the above, Monogram or Pathe shall pay to the United Artists Corporation's subsidiary in Great Britain, United Artists Corporation, Ltd., a sum equal to 12½% of the total gross film rentals accrued on the above basis, payable weekly for the period of five years from the date of release.

20. ODEON THEATRES, LTD.

Mr. Kelly stated that National Provincial Bank from whom Odeon Theatres, Ltd. has a large overdraft, has placed a man in Odeon Theatres, Ltd. over John Davis. The Chairman also stated that a recent newspaper article stated that Mr. Rank is only going to make pictures out of income. Mr. Kelly stated that it was rumored that Sidney Box was discharged and John Woolf is now out of General Film Distributors.

21. OUR DIRECTOR ON ODEON THEATRES BOARD

Mr. Kelly stated that David Coplan wants to resign as Director of Odeon Theatres, Ltd. and has given us his resignation to be put into effect by October 15, 1949. J.Arthur Rank is willing to replace him by someone we select provided he meets with the approval of Mr. Rank. He stated that Management will propose to Mr. Rank some names as successor to David Coplan's directorship in Odeon Theatres, Ltd. Mr. Kelly stated that Odeon's first four weeks of operation produced a loss of £58,000.

22. SYRIA & LEBANON

Mr. Kelly stated that we are entering into a licensed agency deal with Society of Oriental por de Commerce for a three year deal granting to them a five year license on each picture. The licensee advances all the costs and as a guaranty he puts up $10,000 which we have already received and $15,000 which will be deposited as an advance for prints, etc. Upon motion duly made and seconded, Management was authorized to make this deal.

23. FRANCE

Mr. Kelly stated that he had been approached for a second time by Columbia Pictures Corporation for a joint distribution deal in France under which Columbia would absorb part of our personnel and discharge the balance, Columbia paying the severance pay. Mr. Kelly told them we would not be interested in giving up our business in France. Mr. Kelly stated that Columbia would also be interested in an amalgamation in England and he believes that they might be willing to let us distribute in England, if we let them distribute in France. It was agreed that nothing be done with respect to the matter at the present time.

24. COLOMBIA

Mr. Kelly stated that the auditing firm of Davison and Murdock offered to do our audit in Colombia at a much lower fee than that charged by Price, Waterhouse & Co. It was suggested that Price, Waterhouse be given an opportunity to reduce their fee. Upon motion duly made and seconded, Management was authorized to change auditors in Colombia unless Price, Waterhouse is willing to meet the fee offered.

25. SOUTH AFRICA

Mr. Kelly stated that a Mr. Miller proposes to build small theatres of 300 seats each in South Africa because it is impossible to get building permits to build anything large. He proposes to build one theatre in each of four key cities and Mr. Kelly would like to encourage this operation and grant a franchise to these theatres for which he hopes to secure shares in the theatre company. In any event, if it is necessary for us to make a financial investment, he does not believe it would take any more than £5,000 in any one theatre, which we could probably transfer out of our pounds frozen in England. Mr. Kelly also pointed out that he received a report from our lawyers in South Africa to the effect that it is necessary for the company to set aside the frozen pounds belonging to our producers in South Africa. Inasmuch as the corporation did not have sufficient pounds on hand because of operating losses, Mr. Kelly felt that it might be possible to replace the producers' pounds used for operating losses with the company's pounds frozen in England. Mr. Kelly was requested to make a further report on what it would cost but the Board approved, in principle, the idea of the new theatres.

26. DEL GUIDICE PRODUCTIONS

Mr. Kelly stated that Del Guidice Productions has three English pictures, GUINEA PIG, PRIVATE ANGELO and CHANCE OF A LIFETIME, against

which it has borrowed £700,000. Pathe will distribute the pictures in England and have guaranteed £400,000. The producer wants a distributor to handle the pictures world-wide except the British Empire. Two pictures are finished and the third picture is not quite ready but the producer wanted a £300,000 guaranty but finally eliminated the guaranty if we would defer up to £300,000. Upon motion duly made and seconded, this proposition was rejected.

27. HERBERT WILCOX PRODUCTIONS

Mr. Kelly stated that we might possibly get for distribution three pictures produced by Herbert Wilcox Productions entitled COURTNEYS OF CURZON STREET, ELIZABETH OF LADYMEAD and MAYTIME IN MAYFAIR. This matter was tabled.

28. JACQUES GRINIEFF

With respect to a proposed deal with Jacques Grinieff for the distribution of SUN GUST, FOR THEM THAT TRESPASS and MEN ON THE RUN, Mr. Kelly stated that this proposition had been withdrawn.

29. PRODUCTION IN HOLLYWOOD

Mr. Bagnall explained to the Board the lack of production as it exists in Hollywood and our status with producers and the attitude of the banks who are still opposed to loaning money for U.A. release.

30. WORLD SCREEN PLAYS LTD.

Mr. Kelly explained the importance to secure English pictures to augment the company's gross. He stated that Anatole de Gruenwald and Anthony Asquith can get plenty of finance in England for their production company, World Screen Plays Ltd. and have suggested a four to seven picture deal in two years. They want us to defer distribution fees in the British Empire on the first two pictures until any bank loans are paid and, in

consideration of this deferment, we are to receive 20% of the profits of these first two pictures. The terms would be, for the United States and Canada 32½% to $400,000, 35% from $400,000 to $600,000 and 40% on all gross in excess of $600,000, 20% in Great Britain until recoupment of negative cost, thereafter 25%, regular standard terms for other territories throughout the world, Outright Sales 15%, production cost not to exceed £150,000 on each picture, United Artists to have approval of story, cast and director and final budget. The contract would be exclusive, subject to a picture called O MISTRESS MINE and one picture World Screen Plays is to make for Walter Wanger. The first picture is to be delivered by May 1950, the second by July 1950, the third by October 1950 and the balance at the rate of one every three months thereafter. The meeting agreed to this proposition.

31. SERIALS FOR FOREIGN

Mr. Kelly stated that some of our offices in the Orient have asked us to get them some serials as an aid in the sale of feature pictures. We can get five of them for $9,000 per subject, payable $8,000 upon the signing of the contract and $1,000 per week for a period of 37 weeks. Our offices, which are in dollar territories, have given an estimate of from $74,000 to $127,000 for these serials. Upon motion duly made and seconded, it was resolved that Mr. Kelly be authorized to make this purchase upon the terms submitted or better.

32. BRAZIL CRUZEIRO LOAN

Mr. Kelly explained that U.A. of Brazil, Inc. received permits to convert Cruzeiros into dollars but lacked sufficient Cruzeiros to make the full transfer. A previous overdraft authorized in the amount of 300,000 Cruzeiros has been repaid in full. In order to take advantage of the permits, an overdraft of 1,000,000 Cruzeiros is needed from the National City Bank and

it is necessary for United Artists Corporation to guarantee the overdraft.

Upon motion duly made and seconded, it was

> RESOLVED, that the officers of the corporation are hereby authorized to guarantee on behalf of the corporation a loan of Cruzeiros 1,000,000 from National City Bank of New York to U.A. of Brazil, Inc. and the officers are hereby authorized to execute the bank's form of Continuing Guaranty in this amount.

Upon motion duly made and seconded, the meeting adjourned subject to call by the President.

Roldwell L. Sears, Chairman

Harry J. Muller, Secretary

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WESTERN UNION

1311

JOSEPH L. EGAN, PRESIDENT

INTERNATIONAL SERVICE

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Send the following message, subject to the terms on back hereof, which are hereby agreed to

SEPTEMBER 19, 1949

FOLLOWING WIRE TO GO TO NAMES LISTED BELOW:

CHARLES SCHWARTZ c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
HERBERT P. JACOBS c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
VIVALIS L. CHALIF c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
HAROLD WEILL c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
PETER J.A.QUSACK 530 East 88th Street, New York, N.Y.

REGULAR MEETING BOARD DIRECTORS UNITED ARTISTS CORPORATION WILL BE HELD AT OFFICES OF CORPORATION, 729 SEVENTH AVENUE, NEW YORK, N.Y., FRIDAY, SEPTEMBER 23, 1949 AT 10:30 A.M.

HARRY J. MULLER, ASST.SECRETARY

cc: Mr.S.L.Sears
Mr.R.W.Kelly
Mr.F.Lazarus,Jr.

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MINUTES OF MEETING OF BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION

A meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Friday, September 23, 1949 at 10:30 A.M.

There were present:

Herbert P. Jacoby
Peter J. A. Cusack
Vitalis L. Chalif
Harold Weill
Charles Schwartz
Arthur W. Kelly
Gradwell L. Sears

constituting a quorum.

There were also present Paul D. O'Brien of O'Brien, Driscoll, Raftery and Lawler, Paul N. Lazarus, Jr., Assistant to the President and Harry J. Muller, Assistant Secretary.

Mr. Sears acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, it was agreed to dispense with the reading of the minutes of the previous meeting inasmuch as they were circulated to all directors and stockholders.

3. REPORT BY THE PRESIDENT

The President talked about the current operations and a prognosis for the next six months.

4. REPORT OF PRESIDENT AND EXECUTIVE VICE-PRESIDENT ON POSSIBILITY OF NEW FINANCING

The President and the Executive Vice-President explained various discussions which occurred in connection with the possibility of new financing.

5. EXECUTIVE COMMITTEE

It was then reported to the meeting that Mr. Weill is going out of the country tomorrow and Mr. Kelly next week and therefore it will be impossible to hold Directors Meetings during the absence of both Directors. Upon motion duly made and seconded, it was resolved that

Whereas, Messrs. Kelly and Weill are both about to leave for Europe and may remain away for an extended period, resulting in the inability of the company to have quorums for meetings of its Board of Directors,

Now, therefore, be it

RESOLVED, that during the absence of both Messrs. Kelly and Weill, the Board designate an Executive Committee, consisting of Messrs. Chalif, Cusack, Jacoby and Schwartz as an Executive Committee, to exercise the powers of the Board during the said absence of said two Directors and until their return, thus enabling the corporation to continue to function with the full power of the Board, such Committee, however, to report back to the Board of Directors all their acts and deeds.

6. DEVALUATION OF FOREIGN CURRENCIES

Mr. Kelly explained the approximate effect on the company's accounts of the devaluation of foreign currencies which occurred during the present week and he also submitted an estimate of the anticipated results in the foreign department for the year 1949.

7. "LOVE HAPPY"

The Chairman stated that he received a request from Miss Pickford to return LOVE HAPPY to Artists Alliance and he canvassed the Directors individually and they agreed, provided we get back our advances. He therefore requested a

formal confirmation and, upon motion duly made and seconded, it was

RESOLVED, that, pursuant to the request of Miss Pickford as communicated by the President, the company will return LOVE HAPPY to Artists Alliance, Inc. provided we are reimbursed for all expenditures of every kind and character and provided also that we are generally released.

8. HUNT STROMBERG

The Chairman explained that copies of a Price, Waterhouse report on the first five Hunt Stromberg pictures had been sent to all Directors. Inasmuch as the Directors had not yet had time to study this report, the matter was tabled.

9. PRODUCT APPLICATIONS SUBMITTED BY GEORGE BAGNALL

The Chairman outlined the following product applications which were submitted by Mr. Bagnall:

a) CHRISTY CABANNE

Picture	"EX-CONVICT"
Cast (Tentative)	Wendell Corey, Lizabeth Scott, Charles Coburn
Approvals	United Artists to have approval on cast, director and script.
Starting Date	Picture will start approximately December 15, 1949.
Cost	Approximately $450,000.
Terms	30% United States, Canada and England, regular terms throughout the rest of the world.
Financing	Mr. Cabanne has been in touch with certain interests in Texas, whom he states are prepared to finance this picture.
Special Condition	Financial interests will not make firm commitment unless Cabanne can provide evidence that he has a deal with United Artists or some major company, hence Cabanne requests a letter of commitment with a 30 day deadline to complete all his financing.

b) VAUGHN PAUL AND CHARLES MARQUIS WARREN

Picture	"BANDOLERR"
Cast	Robert Preston and Gail Russell
Director	Alvin Ganzer
Approvals	United Artists to have approval on cast, director and script.
Cost	Approximately $450,000.
Terms	30% United States, Canada and England, regular terms throughout the rest of the world.

Financing	Financing will be provided by a group from Elco, Nevada, headed by Newton Crumley. Picture will be shot in its entirety in Elco in technicolor.
Special Condition	Financial interest willing finance entire picture but before making firm commitment Vaughn Paul must submit a distribution contract with a major company. Therefore, the contract must allow them 30 days in which to complete all financial arrangements.

c) FRONTIER PRODUCTIONS

Picture	"SLEEP ALL WINTER"
Producer	William Joseph O'Sullivan
Cast	Bill Elliott, Walter Brennan, Marie Windsor
Director	Stuart McGowan
Approvals	United Artists to have approval on cast, director and script.
Delivery Date	On or before March 31, 1950.
Cost	Approximately $400,000.
Terms	30% United States, Canada and England, regular terms throughout the rest of the world. 5% to be deferred until bank loan is repaid if so requested by Bank of America.
Financing	By Bank of America by single picture and additional collateral will be put up by O'Sullivan from his residuals in HELLFIRE. Second money - Nassour Brothers and limited and unlimited bond of completion also by Nassour Brothers.
Special Condition	George Bagnall suggests that if contract is approved it be drawn up and a period of 30 days be given in which O'Sullivan should conclude all his financing.

d) ERONEL PRODUCTIONS, INC.

Picture	"GIRL TAKES BOY" (to be produced in Italy)
Producer	Sam X. Abarbanel
Cast	Don DeFore
Director	Bernard Vorhaus
Starting Date	Possibly in November, 1949.
Terms	30% United States, Canada and England, regular terms throughout the rest of the world.
Financing	The necessary Lira and unlimited completion bond will be supplied by a group in Milan, Italy headed by Joseph DeBlasio and necessary dollars will be supplied by an American financier.
Special Condition	The picture will be fully financed as soon as a letter from United Artists indicating that they will make a distribution deal is forwarded to financial interest in Italy and George Bagnall suggests giving a 60 day period to conclude all financing arrangements.

After discussion and upon motion duly made and seconded, all the above applications were tabled.

10. WORLD SCREEN PLAYS LIMITED

Mr. Kelly referred to the proposed distribution contract with World Screen Plays Limited for a four to seven picture deal in two years, as reported in the minutes of the last meeting. He stated that with respect to each of the first two motion pictures our distribution fees are to be deferred in England, Australasia and South Africa until the bank loan on each respective motion picture is paid off. Bank of America has agreed to finance the first picture right away provided we agree to release the picture within 120 days after delivery of negative in England and within 120 days after delivery of negative in the United States and the proposed distribution contract has been amended accordingly. The meeting agreed to these amendments.

11. LITIGATION INVOLVING QUICKSAND AND BIG WHEEL

The Chairman stated that with respect to the litigation between Nasser Brothers and Harry Popkin concerning which of the two Mickey Rooney pictures shall be released first, a meeting was held at the coast of all the principals and their respective lawyers and a solution was arrived at that we release BIG WHEEL first and 50% of the revenue of BIG WHEEL goes to retire the Nasser loan on QUICKSAND. At this point the Chairman received a telegram signed by the attorneys for Rooney-Stiefel, Inc. in which they demand that United Artists proceed with the distribution of QUICKSAND not later than September 30, 1949. Mr. O'Brien stated that we are not obligated to release QUICKSAND by September 30, 1949.

12. BRITISH "B" POOL

Mr. O'Brien stated that Columbia Pictures Corporation have asked

us to join with them in serving notice in letter form on the Johnston Organization that they are holding Universal responsible for the damages that they will sustain on the British "B" Pool if Universal excludes its English pictures from the "B" Pool. Mr. Schwartz explained that Universal exchanged some American pictures for British pictures and intends to keep the dollar proceeds from the British pictures, whereas Columbia Pictures Corporation take the position that the action of Universal is in violation of its agreement. Upon motion duly made and seconded, it was resolved that, subject to the approval of counsel, we authorize the sending of a letter similar in form to the letter of Columbia Pictures Corporation.

13. HARRY POPKIN

Mr. Kelly stated that the quality clause amendment to the Harry Popkin contract has gone through. He said that the letters of guarantee of our 2½% deferment on MY DEAR SECRETARY and IMPACT are signed by Harry Popkin but have no time limit and Mr. Popkin takes the position that he should not pay this guarantee, inasmuch as he will lose money on both pictures. Mr.Kelly suggests that we might be able to make a deal whereby we share in the profits of other pictures. Mr. Popkin's guarantee of our 2½% deferment on THE BIG WHEEL is payable within 12 months after the picture is generally released and his guarantees of our 2½% deferment on CHAMPAGNE FOR CAESAR and DEAD ON ARRIVAL are payable within 18 months after the pictures are generally released. Mr. O'Brien stated that Bank of America has now sent us papers on CHAMPAGNE FOR CAESAR and DEAD ON ARRIVAL under which each picture is cross-collateralized for the loan on the other and providing for our 2½% deferment to continue until the bank loans on both pictures are paid off.

14. "WHISTLE STOP"

The Chairman stated that Seymour Nebenzal has requested termination

of our distribution agreement on WHISTLE STOP as he plans to add a novelty to it and re-issue it. Our domestic distribution rights expire January 25, 1951. In consideration of our giving up the picture they offer us the re-issue at 27½% but we have suggested 40%. This matter was tabled.

15. SAMUEL BISCHOFF

The Chairman stated that Samuel Bischoff is asking us to participate in the financing of four pictures. The bank has asked him to provide $300,000 in connection with the financing of his current picture and he is willing to provide $100,000 of his own money and a suggestion has been made to put up $200,000 of the Hughes money and, in the event that there is an overall loss on the picture, Mr. Bischoff's money would be used first to defray the loss and the Hughes money would be used second. This matter was tabled.

16. CRISTOBAL DEFALCATION

Mr. Kelly explained that one of our employees who has been with us for fifteen years in Cristobal took $226.10 from an account and put it in his own pocket to help defray the expenses of his wife's illness and he is willing to pay it back at the rate of $30. per week. It was the consensus of the Board that this was a matter for Mr. Kelly's decision.

17. ARGENTINE

Mr. Kelly explained that a Union in Argentine is demanding increases amounting to 26% or 27% and we tried to make it a condition of the increases that we secure importation licenses. Our Manager has been in contact with the Government and he believes that we will get some import permits in the next 30 to 60 days. Consideration has been given to making this an Outright Sale territory but the cost of severance pay would be very great. Therefore the Directors decided that the operation remain status quo.

18. LOAN AT BANKERS TRUST COMPANY

Mr. Kelly explained that our $400,000 note at Bankers Trust Company falls due September 30, 1949 and he obtained a renewal for three months. Upon motion duly made and seconded, the Board ratified and confirmed his action in securing the renewal.

19. EDWARD GOLDEN

The Chairman stated that, with respect to the picture GUILTY OF TREASON, it was financed by non-bank sources and Edward Golden is entitled to only part of the profits. However, he is willing to give us a side letter to the effect that, after the cost is paid off, he will give us his share of profits to apply against our $70,000 loan on TEXAS, BROOKLYN AND HEAVEN, subject to any remaining debit balance that Chemical Bank may have on this picture. The Chairman further stated that the picture is not yet finished and he believes that we can wait until the picture is finished and then decide about a distribution contract. This matter was tabled.

20. ODEON THEATRES LIMITED

Mr. Kelly explained the position of Odeon with respect to its operations and the booking of our pictures. He also stated that the resignation of David Coplan as a Director of Odeon Theatres Limited must be put into effect by October 15th and a suggestion was made that Sir Robert Watson might be a suitable person to take his place on the Odeon Theatres Limited Board. It was agreed that this matter be pursued further.

21. TELEVISION OPERATION

Mr. Lazarus, Jr. gave some figures concerning the operation of our Television Department.

22. ODEON CINEMA HOLDINGS LIMITED

Mr. Kelly talked about the Excess-Profits Tax position of Odeon Cinema Holdings, Ltd. and a copy of the Price, Waterhouse letter on this subject was sent to each director.

23. ORBIT PRODUCTIONS, INC.

The Chairman stated that he received a request through George Bagnall for a 5% deferment on the picture HARD PILLOW and also a request to extend the Orbit Productions, Inc. contract to include two additional pictures. Mr. Kelly suggested that if such request were granted, repayment to us of the deferment should be guaranteed within eight months and the Directors said we should receive some share of the profits in consideration for our deferment.

24. CUBA

Mr. Kelly explained the exchange situation in Cuba and the fact that a deal has been arranged for a new exchange building which calls for a five year lease with options on our part for five additional years, under which we would have to pay three years rent in advance. The rent is approximately $300. per month. This lease was approved.

25. TRINIDAD

Mr. Kelly explained that in Trinidad the Government is clearing all film exchanges from the town and has set aside certain Government land for them. A lease is being negotiated by the industry for 25 years at a rent of T$128.54 per year for the land. We have to take the Government lease and the construction of our premises will cost about $9,000.

26. ITALY

Mr. Kelly stated that he and Mr. Schroeder have been negotiating with Variety Film Company in Italy for the distribution of our pictures for 15 years, we to receive 49% or 50% of the stock of the company for Lira 50,000,000, which sum would be paid for out of the profits of Variety Film Company. No financial investment on our part would be necessary.

The meeting then adjourned.

Gradwell L. Sears, Chairman

Harry J. Muller, Secretary

CLASS OF SERVICE DESIRED			
DOMESTIC		CABLE	
TELEGRAM		ORDINARY	
DAY LETTER		URGENT RATE	
SERIAL		DEFERRED	
NIGHT LETTER		NIGHT LETTER	

Patrons should check class of service desired; otherwise the message will be transmitted as a telegram or ordinary cablegram.

WESTERN UNION

JOSEPH L. EGAN
PRESIDENT

1211

CHECK
ACCOUNTING INFORMATION
TIME FILED

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

October 18, 1949

Following wire to be sent to names listed below -

Charles Schwartz, c/o Schwartz & Frolich, 19 East 70 Street, N. Y. C.

H. P. Jacoby c/o Schwartz & Frolich, 19 East 70 Street, N. Y. C.

V. L. Chalif, c/o Leon, Weill & Mahony, 9 East 40 Street, N. Y. C.

P.J.A. Cusack, 530 East 88 Street, New York City

Urgently request you attend meeting executive committee United Artists Corporation Board at companys offices 729 Seventh Avenue on Thursday October 20th at 11:00 A.M. to consider financing plan for production.

G. L. SEARS
PRESIDENT

MINUTES OF MEETING OF EXECUTIVE COMMITTEE OF UNITED ARTISTS CORPORATION

A meeting of the Executive Committee of United Artists Corporation (designated at the Directors' Meeting of September 23, 1949) was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Thursday, October 20, 1949 at 11 A.M.

There were present:

Herbert P. Jacoby
Charles Schwartz
Peter J. A. Cusack
Vitalis L. Chalif

There were also present Selmer Chalif, Paul D. O'Brien of O'Brien, Driscoll, Raftery and Lawler, Gradwell L. Sears, President, Paul N. Lazarus, Jr., Assistant to the President and Harry J. Muller, Assistant Secretary.

Mr. Sears acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. PRODUCTION FINANCING

The Chairman enlarged on the formula for financing which he originally explained at the last Directors' meeting. After discussion, it was agreed that the formula is as follows:

a. The deal contemplates negative cost not to exceed $750,000, of which the factor puts up 37½% on his own account and 37½% for the account of the following people who obligate themselves to put up cash with respect to each picture and which is recoverable after the factor's 37½% in the following sequence:-

7½% Laboratory
10% Distributor
10% Producer
10% Studio

As to the priority between producer and studio, that is for them to work out.

b. These contributors of the second 37½% are to participate in profits on the same basis as their contributions, except the Laboratory which gets no participation but gets an over-ride of one mill per foot.

c. The remaining 25% is to be put up by the producer either in cash or deferments, or a combination of both.

d. The Studio furnishes a guaranty of completion to the satisfaction of the factor.

e. Studio overhead charge is not to exceed 17½%.

f. The Distributor is to have the right of approval of story, script, stars or featured players, director and budget.

g. The contract is to be for not less than three nor more than eight pictures per year, with the right on the part of the Studio to increase the number based upon some formula to be worked out with Mr. Sears.

h. The contract is for three years with the proviso that if 15 pictures are delivered in the three years, the Studio is to have the right to extend the contract for an additional period of three years, provided we can secure at that time an extension of our agreement with the party who supplies the money on our behalf.

i. With respect to our 10% contribution to the picture cost, provision must be made that our responsibility with respect to any pictures is dependent upon our getting this money from a third party.

j. We are willing to have a third party finance our 10% upon the basis that we will turn over to said third party our 10% of the profits and we will collateralize and guaranty the repayment limited to a sum to be set aside out of our distribution charge up to 5% of the United States gross from the first dollar; the lender on the other hand will not look to us for reimbursement other than through this guaranty fund.

k. Our distribution charge is to be not less than 27½% for United States, Canada and England and not less than our usual terms for the rest of the world. The question of Outright Sales is left open but we must have a minimum of 10%.

l. The form of contract is to be the standard form as now being revised by the O'Brien office.

3. CABLES FROM ARTHUR W. KELLY

The Chairman read two cables from Mr. Kelly, one relating to Odeon matters and the other relating to the de Gruenwald deal and, after discussion, a reply cable was dictated by the Chairman with respect to the de Gruenwald deal.

The meeting then adjourned.

Gradwell L. Sears, Chairman

Harry J. Muller, Secretary

Charge to the account of

5

CLASS OF SERVICE DESIRED

DOMESTIC		CABLE	
TELEGRAM		ORDINARY	
DAY LETTER		URGENT RATE	
SERIAL		DEFERRED	
NIGHT LETTER		NIGHT LETTER	

Please check class of service desired, otherwise the message will be transmitted as a telegram or ordinary cablegram.

WESTERN UNION

1911

A. N. WILLIAMS, PRESIDENT — NEWCOMB CARLTON, CHAIRMAN OF THE BOARD — J. C. WILLEVER, FIRST VICE-PRESIDENT

CHECK

ACCOUNTING INFORMATION

TIME FILED

Send the following telegram, subject to the terms on back hereof, which are hereby agreed to

NOVEMBER 17, 1949

FOLLOWING WIRE TO GO TO NAMES LISTED BELOW:

CHARLES SCHWARTZ c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
HERBERT P. JASCHY c/o Schwartz & Frohlich, 19 East 70th Street, New York, N.Y.
VITALIS L. CHALIF c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
HAROLD WEILL c/o Leon, Weill & Mahony, 9 East 40th Street, New York, N.Y.
PETER J. A. CUSACK 530 East 86th Street, New York, N.Y.

REGULAR MEETING BOARD DIRECTORS UNITED ARTISTS CORPORATION WILL BE HELD AT OFFICES OF CORPORATION 729 SEVENTH AVENUE, NEW YORK, FRIDAY, NOVEMBER 25, 1949 AT 10:30 A.M.

HARRY J. MULLER, ASST. SECRETARY

cc: Mr.S.L.Sears
Mr.A.W.Kelly
Mr.P.Lazarus, Jr.

MINUTES OF MEETING OF BOARD OF DIRECTORS OF UNITED ARTISTS CORPORATION

A meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Friday, November 25, 1949 at 10:30 A.M.

There were present:

Herbert P. Jacoby
Peter J. A. Cusack
Vitalis L. Chalif
Harold Weill
Charles Schwartz
Arthur W. Kelly
Gradwell L. Sears

constituting a quorum.

There were also present Paul D. O'Brien of O'Brien, Driscoll, Raftery and Lawler, Paul N. Lazarus, Jr., Assistant to the President and Harry J. Muller, Assistant Secretary.

Mr. Sears acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to telegraphic notice attached to these minutes.

2. MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, it was agreed to dispense with the reading of the minutes of the previous meeting inasmuch as they were circulated to all directors and stockholders.

3. MINUTES OF MEETING OF THE EXECUTIVE COMMITTEE

The Secretary read the minutes of the meeting of the Executive Committee held October 20, 1949 and, upon motion duly made and seconded, the minutes were approved.

4. PRODUCTION FINANCING

The Chairman explained his negotiations with certain New York banks to finance our 10% contribution to the picture cost in connection with the formula for financing and the fact that he was now negotiating with the Bank of America under a plan to revive Enterprise Productions, Inc. He stated that he offered Bank of America our note and 5% of the gross as additional collateral. He also stated that the 7½% laboratory money will only be available if United Artists Corporation is included in the financing deal.

During the discussion, a question was raised about losses in the foreign field and Mr. Kelly was requested to prepare and send to each director his recommendation concerning each individual territory and the severance cost wherever the recommendation included the discontinuance of our foreign office.

5. ODEON

Mr. Kelly reported the discussions which took place at the October 14, 1949 meeting of the Board of Directors of Odeon Cinema Holdings, Ltd. and on other matters connected with Odeon Theatres, Ltd. and on the booking situation. After discussion, it was suggested that Mr. McKay should attend the Annual Meeting of Stockholders of Odeon Theatres, Ltd. and call to the attention of the meeting the various facts in connection with the take-over of Rank's production activities and the assumption of liabilities by Odeon Theatres, Ltd. It was suggested that Mr. Kelly and Mr. O'Brien, counsel, prepare a statement on this subject and submit it to some of the directors.

Mr. Kelly explained the difficulty he was having with the resignation of David Coplan from the Odeon Theatres, Ltd. Board because of a qualifying letter submitted by Coplan with his resignation and the fact that Mr. Rank is now willing to accept Sir Robert Watson-Watt as a successor to David Coplan. After discussion, it was agreed that we should present the resignation of David

Coplan without the qualifying letter and transfer the qualifying shares that we now have in his name in Odeon Theatres, Ltd. and Odeon Properties, Ltd. to Sir Robert Watson-Watt.

6. GERMANY

Mr. Kelly explained that he negotiated a distribution contract for Germany with the Prisma Company, which has theatres in the Saar and in Austria and contracts with Union Films which has about 200 theatres. This company also distributes German pictures. The deal calls for a sliding scale running from 30% to 40% and we would receive 10% of the gross as our fee. The contract is signed by the Paris agent of the Prisma Company and we are now awaiting the signature of the company in Germany. The deal covers two seasons' product of ten pictures each with the right on the part of the Prisma Company to transfer five of them to their other companies, one of which will acquire the assets of Ifa. Mr. Kelly said he found it very difficult to secure money to act as a deposit but he could secure the signature of a bank as surety for the fulfilment of the contract. Mr. Kelly stated that he must get the consents of our producers to the contract, but meanwhile he desired the Board to approve in principle, which approval was given.

7. WORLD SCREEN PLAYS LIMITED

Mr. Kelly explained that he signed the World Screen Plays Limited contract on a basis which provides for deferment of our distribution fees in England, Australia and South Africa until negative cost is recovered. He stated that this was the only way he could conclude this transaction but, because of objections raised, he reduced the number of pictures from seven to four. In order to facilitate the financing, he gave them the right to assign each picture to a separate company. After discussion, it was agreed that, although the contract was contrary to the cable authorised by the Executive Committee, the contract would be permitted to stand.

8. WORLD SCREEN PLAYS LIMITED

Mr. Kelly submitted a proposal from Raymond Stross of World Screen Plays, Ltd. for two pictures to be produced in England by Betty Box in association with Sidney Box, who secured a release from J. Arthur Rank in order to permit him to make these two pictures. The pictures are to be based upon de Maupassant stories and to cost approximately £150,000 each, terms to be the same as the terms in the World Screen Plays Limited contract. The producer wanted a separate contract from the World Screen Plays contract and demanded deferment of our distribution fee in the British Empire to the negative cost, which was refused by the Directors as they were only willing to defer to the bank loan. Upon motion duly made and seconded, this deal was authorized.

9. ENGLISH BONUSES

Mr. Kelly requested authority to pay bonuses to the minor employees in England of one week's salary, which would amount to £1449-15-0. It was the consensus of the Directors that these bonuses should be granted.

10. GIBRALTER PICTURES, INC.

The Chairman stated that he received the following proposal involving Hughes money from Gibralter Pictures, Inc.

Picture #1

Story	ONCE OVER LIGHTLY
Cast	Edmund O'Brien, Wanda Hendricks, Rudy Vallee
Director	Al Rogell
Cost	$500,000
Starting Date	December 15, 1949
Hughes money required	$100,000

Picture #2

Story	MR. SANDS
Cast	*Robert Young (Tentative)
Director	Al Rogell
Cost	$600,000
Hughes money	$120,000
Starting Date	February 15, 1950

*In the event Robert Young does not play in the picture, Nassers have no liability to perform on picture #2.

The Chairman explained that the distribution terms would be in accordance with the Hughes-United Artists-Nasser agreement. Jack Warner, Jr. is in this deal with Al Rogell. Upon motion duly made and seconded, this deal was authorized with the understanding that the arrangement heretofore authorized with Roxbury Productions, Inc. would be cancelled.

11. KING BROTHERS

The Chairman presented a proposal from King Brothers for two pictures per year for two years, each picture to cost in excess of $400,000. They produced GUN CRAZY for Allied Artists. This will be an exclusive contract even though they have two pictures yet to be delivered to Allied Artists. The terms are 30% for United States, Canada and England and regular terms throughout the rest of the world. They request that we set aside $100,000 of Hughes money until they determine whether or not they will need secondary financing, but the distribution terms would not be 32½% if the Hughes money is used and the Nasser Brothers are cognizant of this fact. With the understanding that the Chairman would see to it that the Hughes money was not set aside for too long a period, the Board approved this arrangement.

12. NASSOUR PICTURES, INC.

The Chairman submitted a proposal from Nassour Pictures, Inc. covering six pictures at the rate of two pictures per year as follows:

2 pictures in 1950
2 pictures in 1951
2 pictures in 1952

to cost an average of $500,000, the producer to pay all advertising and printing costs, terms to be 27½% for United States, Canada and England and regular terms for the rest of the world. As long as Donald Crisp is identified with Nassour Brothers, his approval of story, script, cast, etc. will be acceptable to United Artists Corporation, otherwise United Artists Corporation is to have approval of these elements. This arrangement was authorized provided no money is required from United Artists Corporation to assist in the financing of these pictures.

13. HARRY SHERMAN

The Chairman presented a proposed five year deal with Harry Sherman starting January 1, 1950 to cover six Hashknife pictures as well as four outdoor action pictures each year. The distribution terms on the Hashknife series would be 35% for United States, Canada and England and regular terms throughout the rest of the world and, on the pictures other than Hashknife, 30% for United States, Canada and England and regular terms throughout the rest of the world. The pictures other than Hashknife may be in Technicolor. This is to be an exclusive contract. After discussion, and upon motion duly made and seconded, it was resolved to accept this proposal.

14. SEYMOUR NEBENZAL

The Chairman submitted a proposal for a distribution contract with Seymour Nebenzal covering "M" which is to cost approximately $500,000.

Mr. Nebenzal has represented to the Nasser Brothers that he has arranged a financing deal with Chemical Bank for first money in the amount of $350,000 and the Nasser Brothers have agreed to put up $50,000 of Hughes money if Nebenzal complies with the representations he has made. The terms and conditions would be those provided in the Hughes-Nasser-United Artists agreement. After discussion, and upon motion duly made and seconded, it was resolved to accept this proposition.

15. GOLDRIDGE, INC.

The Chairman submitted a proposal for the distribution of a motion picture filmed in Italy entitled RAPTURE, which is owned by Goldridge, Inc., which, in turn, is owned by Robert Goelet. The cast includes Glen Langan, Elsy Albiin, Eduardo Ciannelli and Douglas Dumbrille. The terms are 35% for United States and Canada and 50% for the rest of the world with the exception of Italy. No action was taken with respect to this proposal but it was left to Gradwell Sears to look at the picture and see what it is like with the deletions.

16. WALTER LANTZ

The Chairman stated that Walter Lantz does not wish to renew his contract at the expiration date and it was agreed that this contract be not renewed.

17. METEOR PICTURES CORPORATION

The Chairman stated that W.Lee Wilder has requested that the contract with Meteor Pictures Corporation be transferred to Merit Productions, Inc. with respect to the picture THE IRON CAGE. After discussion, it was agreed that this transfer is satisfactory provided our counsel approves.

18. INCENTIVE PLAN

The Chairman explained that a Sales Meeting is being held in Chicago December 2nd and 3rd, which is being financed by producers. We are to take their contributions out of the sales promotion money of their respective pictures. The Chairman discussed the formula arrived at with the salesmen's union by other distributing companies and stated that he wishes to announce at the Sales Meeting an incentive plan to become effective only if the year 1950 is profitable. Under the plan 10% of the domestic profit would be set aside for division to the branches showing improvement, payments to be made only to employees who are working for the corporation at the end of 1950. Employees who join the company during the year would be entitled to profit for the fraction of the year worked. The plan would apply to Branch Managers, Office Managers and salesmen, with special provision for District Managers. All will be notified of the domestic results for 1950 and all pictures played and cleared by January 1, 1950 will be counted as 1949 business. Profits would be fixed by Management and the Chairman would be the sole arbitrator or umpire of what the profits are. After discussion, and upon motion duly made and seconded, it was resolved that this plan be authorized, subject to general counsel passing upon the wording of the plan.

19. COLOSSEUM OF MOTION PICTURE SALESMEN

The Chairman explained the results of the negotiations between the Colosseum of Motion Picture Salesmen and other distributing companies and the fact that Eagle Lion and United Artists Corporation were not parties to the negotiations. He explained further the action he proposes to take with respect to this situation and asked for the approval of the Board, which was given.

20. TRANSFER OF POUNDS TO SOUTH AFRICA

Mr. Kelly explained that approval had now been obtained from the English and South African Authorities to transfer 10,000 unremittable Pounds from England to South Africa. Upon motion duly made and seconded, this transfer was authorized.

21. FRANCE

The Secretary explained that our French lawyers, Coudert Freres, requested the following resolutions be sent to them immediately in certified form, duly legalized, for the November 25th Shareholders meeting:

> RESOLVED that Mr. H.F.Weber, of Paris (France) be and is hereby authorized on behalf of this company to sign the "Contrat d'Apport", namely the legally required paper covering the conversion of our claim towards "LES ARTISTES ASSOCIES" amounting to Fcs. 5,880,000. into 58,800 shares of Fcs. 100. each, fully paid up, of the French Company "LES ARTISTES ASSOCIES" S.A.; to certify on behalf of this company all documents and translations and papers which may be required.
>
> For the above purposes, to make and sign all deeds and minutes and, in general, to do whatever may be necessary.
>
> IT IS FURTHER RESOLVED that the secretary of this company be and is hereby authorized to deliver any and all copies of the above Resolution and to sign any proper certifications thereof.

Upon motion duly made and seconded, it was agreed to correct the minutes of the Directors Meeting held August 16, 1949 pertaining to France to include these resolutions.

22. PUERTO RICO

The Secretary explained that the Government of Puerto Rico assessed an income tax against United Artists Corporation of Puerto Rico in the amount of $167,457.86 representing income tax on all revenue paid to foreign corporations from 1940 to 1948, including interest and penalties. Similar assessments were made against other distributing companies in Puerto Rico. The Film Board lawyer,

James R. Beverly, represented all the companies and succeeded in reducing our assessment to $89,619.20 and obtained permission from the Treasurer to file claims in abatement provided we supplied a bond for an amount equal to roundly one-half of that amount, i.e. $45,000. Arrangements are being made by all the companies for National City Bank to supply bonds at the rate of 1/2 of 1% per annum, which would cost us $225. The Board agreed that we should supply such bond. Upon motion duly made and seconded, it was

> RESOLVED, that the officers of the corporation are hereby authorized to guarantee on behalf of the corporation an obligation of United Artists Corporation of Puerto Rico to National City Bank of New York for a letter of credit in favor of the Treasurer of Puerto Rico in the amount of $45,000, and the officers are further authorized to execute the bank's form of guaranty covering this transaction.

The meeting then adjourned.

Gradwell L. Sears, Chairman

Harry J. Muller, Secretary

WAIVER OF NOTICE OF SPECIAL MEETING

OF THE BOARD OF DIRECTORS

OF

UNITED ARTISTS CORPORATION

We, the undersigned, being all of the Directors of UNITED ARTISTS CORPORATION, do hereby waive notice of the time, place and purpose of a Special Meeting of the Board of Directors of said corporation, and do fix the 7th day of December, 1949 at 3:00 o'clock in the afternoon as the time, at the office of the corporation, at 729 Seventh Avenue, New York, N.Y., as the place of said meeting, and do consent to the transaction of such business as may lawfully come before said meeting.

Dated: December 7, 1949

Herbert P. Jacoby

Peter J. A. Cusack

Vitalis L. Chaliy

Harold Weill

Charles Schwartz

[illegible]

L. J. Sears.

MINUTES OF MEETING OF BOARD OF DIRECTORS
OF UNITED ARTISTS CORPORATION

A special meeting of the Board of Directors of United Artists Corporation was held at the office of the corporation, 729 Seventh Avenue, New York, N.Y., Wednesday, December 7, 1949 at 3 P.M.

There were present:

Herbert P. Jacoby
Peter J. A. Cusack
Vitalis L. Chalif
Harold Weill
Charles Schwartz
Arthur W. Kelly
Gradwell L. Sears

constituting a quorum.

There were also present Paul D. O'Brien of O'Brien, Driscoll, Raftery and Lawler, Paul N. Lazarus, Jr., Assistant to the President and Harry J. Muller, Assistant Secretary.

Mr. Sears acted as Chairman and Mr. Muller acted as Secretary.

1. NOTICE OF MEETING

The meeting was called pursuant to Waiver of Notice attached to these minutes.

2. ODEON

The Chairman and Mr. Kelly explained the instructions which were given to Mr. Mackay by telephone and by cable and the fact that Mr. Mackay did not carry out those instructions as evidenced by his cable and letter of November 30, 1949, which was circularized to all the directors. After discussion and upon motion duly made and seconded, it was resolved that a recommendation be given to the Board of the English subsidiary that they

dispense with the services of Mr. R.W.G. Mackay and that he return forthwith all of our papers and that he be substituted on the Board of Odeon Cinema Holdings, Ltd.

3. CLIFFORD ODETS

The Chairman referred to the application for a distribution contract from Clifford Odets which was sent to all members of the Board on December 1, 1949, covering a motion picture to be based upon the play AWAKE AND SING. Upon motion duly made and seconded, this deal was authorized on standard terms.

4. GOLDRIDGE, INC.

The Chairman referred to the proposal submitted at the last meeting for the distribution of a motion picture entitled RAPTURE which is owned by Goldridge, Inc. Upon motion duly made and seconded, this deal was authorized with the understanding that the producer supplies all prints and advertising.

5. THEATRE PARTNERSHIP

The Chairman explained our position with respect to our 25% interest in theatres in California.

6. MEXICO

Mr. Kelly stated that we are getting a new distributor in Mexico and he plans to go there to make a deal with the new man.

7. ITALY

Mr. Kelly stated that we may have a little trouble with Mr. Caramelli in Italy inasmuch as he has defaulted on one of his notes. Mr.Kelly stated that he threatened to pull the prints and Mr.Caramelli is now paying.

8. NASSER BROTHERS

Mr. Kelly explained that in connection with our 2½% deferment on COVER UP, James Nasser guaranteed repayment to us eight months after release. This time limit has elapsed and we have demanded payment but received no reply. The Chairman suggested that this matter should be placed in the hands of Mr. Bagnall for collection and Mr. Kelly agreed to write to Mr.Bagnall.

9. LOAN AT BANKERS TRUST COMPANY

Mr. Kelly explained that our $400,000 note at Bankers Trust Company falls due December 30, 1949 and he obtained a renewal for three months. Upon motion duly made and seconded, the Board ratified and confirmed his action in securing the renewal.

The meeting then adjourned.

Gradwell L. Sears, Chairman

Harry J. Muller, Secretary

NOTE

Loss Figures in Red, Followed by Dash –

December 16, 1949

To: Directors, United Artists Corporation:

In accordance with the resolution passed at the Directors' Meeting, November 25th, I beg to submit my report of our Foreign operations in order to determine what method or plan can be devised to prevent further operational losses.

As the year ending is so near, it was thought to design this report as part of Management Report for the year ending operation.

The Foreign year ending is not the calendar year. Some Exchanges close out in October, the balance in November. New York expenses are on a calendar year.

The Foreign Estimated Profit for eleven months ending October 29, 1949 twelve " Far East " " "

reflects the following figures:

	1949 Profit or Loss —	1948 Profit or Loss —
England	$ 246,200	$ 374,100
Latin America & Outright Sales	159,300 —	110,900 —
Far East & Outright Sales	49,500 —	3,200
Continental Europe, Export Co. & Outright Sales	2,700 —	42,600
	$ 34,700	$ 309,000
Less:-		
N.Y. Foreign Dept. Expenses	283,700 —	284,700 —
Blocked Currency Eliminations	-0-	-0-
U.S. Income Tax	20,000 —	1,000 —
Spain Expense	-0-	29,000 —
P. & L. on Exchange	44,000 —	-0-
Miscellaneous	642 —	98 —
	$ 313,642 —	$ 5,602 —

It will be remembered in the earlier part of 1949, the method of bookkeeping was changed in the Foreign territories to expedite the completion of the Price Waterhouse Annual Report. Therefore, the foreign operation for 1949 was forced to pick up ~~one~~ and two months' losses of 1949 amounting to, approximately, $84,000.-, which is added to the operational loss for the period ending October 29, 1949.

In addition to the above-mentioned $84,000.-, you will note there is $20,000.- being paid for Income Tax on commissions received from abroad chargeable against Profit & Loss of the Foreign Department, and, in addition, a non-recurring loss of $44,000.- brought about by the devaluation.

For the benefit of the Directors, I have compiled the foreign operation by month by Exchange so the losses and profit can be clearly seen, and, further, to reflect how much business has to be done to create a profit, and if any improvement has been made to stop the losses.

The volume of pictures that the Domestic Department has enjoyed the last six months of the calendar of 1949 could not be enjoyed by the Foreign at the same time due to shipping distances, time required to make ready superimposed titles, preparing dubbed versions, and awaiting the Domestic Department's completion of accessories.

Arriving at my conclusions, I will endeavor to analyze the following:

1. What Exchanges should be transferred to licensee territories.
2. What Exchanges should be closed and turned into Outright Sales territories.
3. Would it be more desirable to wait three more months to make a

final decision due to Foreign Exchanges only recently securing more pictures.

4. Would it be more beneficial for the company if the Foreign Department was segregated from Domestic by the formation of United Artists International and to sell to a third party the whole, or an interest in said company, for $ without the Odeon shares.

The situation in the Foreign Department is, naturally, tied up with the general economic position of the company as a whole, so any final decision, of course, will have to bear this in mind.

OPERATIONAL LOSSES:

Generally speaking, the months of October and November were the last of the serious losses in the Foreign Department, with the exception of the Argentine, where losses will continue due to the lack of Importation Licenses, and South Africa, due to a difficult local situation, explained later.

In April of 1949, a Sales Drive was commenced for the 30th Anniversary, dedicated to me, the prizes for the contest being donated by the producers. This Drive is having a very good effect; an outstanding achievement has been made by our sales force. Of course, the full effects of the Drive could not be realized until October and November, after the arrival of the newer and more important pictures such as AFRICA SCREAMS, CHAMPION, BLACK MAGIC, etc.

In order to obviate the necessity of the Directors plowing through this report, it was deemed advisable, for convenience, to have my "comments" and "Conclusions" first, followed by the individual Exchange reports and statistics.

COMMENTS:

1) As stated, the future economy of the Foreign Department is tied into that of the Domestic Department. Consequently, lack of pictures in Domestic, causing operation losses, means the same in Foreign, but at different times.

(a) The 1949 losses in the Foreign Department came early in that year as it did not enjoy the same number and quality of pictures as released by Domestic during the first half of 1949.

(b) Increases in the amount of releases and volume of business Domestically in the second half of 1949 compensated, in a measure, for its operation losses in the early part of that year, but -

(c) The Foreign Department could not possibly feel this wave of prosperity until late in 1949 and in 1950, so it was impossible to offset earlier 1949 losses.

(d) Dollar-wise, the volume in Played & Earned and Profit has been affected by the devaluation so there are no previous comparisons that can be measured against 1949 without taking into consideration at least a 30% drop in volume and Profit and Loss.

(e) It can readily be seen, from the Individual Exchange operation figures in the Foreign territories for 1949 how much can be lost if the Exchanges are not fed a sufficient volume of releases.

(f) In formulating an opinion on the future type of operation for any one exchange, i.e., as to whether or not it shall be -

1. An Exchange operation;
2. A Licensee territory;
3. An outright sale territory;

the decision should be based upon the opinion of Management and the Board of Directors as to what the future holds for the Corporation from a production standpoint.

2) The Domestic Department has to do a gross of approximately $18,500,000 a year to break even. The Foreign Department has to do a gross of $8,500,000 to break even.

3) The most profitable policy for United Artists to operate under in in its difficult territories is an "outright sales policy", for the simple reason that all transactions are made in dollars, United Artists receiving 10% to 15% of a sale. "Outright Sale Policy" eliminates accounting, whereas a "licensee" territory still demands of United Artists that it keep an important clerical force to control contracts and account to the producer, and in addition thereto, a "licensee" territory necessitates, in most part, having a representative in the territory to look after our interest, which is very costly.

Due to the world economic conditions undergoing such drastic changes by virtue of frozen currency, currency restrictions, devaluation, and quota restrictions, the majority of the producers of United Artists would prefer to retain the foreign rights, and that they, or their representatives, be allowed to sell their pictures outright, or they would give United the right to sell. We have been asked repeatedly if we would give up the foreign rights on some pictures, which we have refused to do due to the necessity of feeding our Exchange operation.

If a study is made of the Foreign Statistics of the past and present by countries, attached herewith to this report, it will be observed that the Corporation's share of the gross has diminished over a period of years and prevents the profit-making of the past.

NEW YORK HOME OFFICE FOREIGN EXPENSES:

For the eleven months ending November 26, 1949, the Home Office Foreign Expenses were $283,700, or an average of $25,790. per month. It is estimated that the expenses for the year will be, approximately, $315,000.

As this is an actual dollar expenditure, the devaluation made no difference in this cost. Consequently, approximately 30% additional in profits in foreign currency (convertible into dollars) would have to be earned to offset this dollar cost.

It has not been the intention of this report to make any prognostication for the future by setting up figures to estimate profits for 1950, but we do know this--that there will be the Home Office Foreign Expenses to be contended with. There may be a reduction next year due to less employees, and elimination of severance pays which occurred in 1949.

CONCLUSIONS:

In the opinion of the Foreign Department, the following territory should be turned into a "licensee territory".

ARGENTINE as a "licensee territory." In the last two or three years, we have lost a tremendous amount of money in the Argentine as the Government has cancelled all import permits, and United Artists has not released an American picture of any importance throughout the year, 1949. Consequently, a large operating loss occurred which has been financed out of producers' credit balances.

We are now distributing a Spanish picture, made in Chile, which was for the most part financed by United Artists Corporation, but the gross is not sufficiently large to permit United Artists' share to offset the expenses, so the losses continue.

The economic future of the Argentine is "in the lap of the gods", and it will be a long time before its currency is free, due to the present Fascisti Government's obstinate attitude towards exporting, more particularly, to Great Britain for Sterling.

To close down the operation in the Argentine, it will cost United Artists Corporation, in addition to producers and other liabilities as set forth detail attached, approximately, Pa.450,000 for severance pay which, at the present rate of exchange, is equivalent to $45,000. Therefore, it should be the aim of the company to turn the entire operation over to a third party on a "licensee" basis, and try to have said party assume the severance pay, which is doubtful. Any deal should carry with it a certain percentage of gross to United Artists for all its unplayed contracts by guarantees or straight distribution. There should be a substantial amount of Dollars or Pesos put up as a deposit for the faithful fulfillment of contract; and furniture, fixtures, accessories, equities in prints should be paid for by the Licensee.

Under the present prevailing conditions, it would be impossible to find a person or firm to take over the Unit unless the restrictions are lifted, thereby allowing pictures to be imported, as any buyer would want a franchise for United's product which, at the moment, we cannot give unless the buyer can secure import permits.

There is a movement afoot, the outcome of which the industry will know within a month, by which the government will authorize the importation of 250 American pictures but will inflict a screening quota for Argentinian pictures, similar to the Exhibitors' Quota that prevails in Great Britain.

As it is very difficult for people to secure dollars in this territory, it would be very hard to turn it into an "outright sale" territory which, of course, would be the best thing. There is a demand for big pictures on dollar

royalties but Uruguay must be included for the reason of dollar clearance.

SOUTH AFRICA:

In this territory, we are faced with an acute and serious situation brought about by the freeze-out given us by 20th Century-Fox, as previously reported to the Directors. Our losses will continue into 1950 in spite of the accumulation of pictures we now have in the territory (Monogram), as well as the newer pictures that are yet to be shipped. We have explored every possible medium but there are many difficult problems to contend with because of the present dollar situation of the country. The South African Treasury will not permit any transfer of dollars for the purchase of non-essentials, which handicaps new-theatre building considerably.

We have explored the possibility of developing, in conjunction with local capital, a group of drive-in theatres to offset our first run revenue in the principal key cities. We have been able to interest local capital but, because of the dollar restrictions, the necessary material for the drive-ins cannot be exported from the United States. We have explored the possibility of obtaining the necessary drive-in equipment from England but, similarly, have met with restrictive measures on the part of the South African Government. We are still exploring these possibilities and may find a solution. Native labor and basic materials for the construction of drive-ins are available in South Africa, but concrete, sound equipment and some other material must be imported. Western Electric and other American companies will not agree to accepting less than 90% of their dollar costs, the result of which makes any needed material from this country prohibitive, dollar-wise.

We have interested a local group in the conversion of several theatres and, in fact, two are now operating. These renovations are former native

theatres which run our pictures first run, for a white audience, after a complete dressing-up. One of these has proven particularly interesting, namely, the Victory, in Johannesburg. In spite of a poor location, we have been successful in making this a paying proposition and the net result was further interest and enthusiasm on the part of the local financiers to extend in the matter of redeveloping other native houses in other key cities.

At present, there is a governmental building restriction in that no new theatres can be erected for some time in cities. The drive-ins would be located in the outskirts.

The above development has, for all intents and purposes, been a stop-gap. It can become permanent only by the building of bigger houses when restrictions are removed.

The alternatives are as follows:

1) Outright sale;

2) Turning the territory into a "licensee" territory.

As regards Alternative #1, prior to our establishing our own Exchange in South Africa, we sold all of our pictures outright to the Schlesinger Group. We experienced difficulty from time to time until, finally, there was a shut-down of Schlesinger buying from United Artists which forced us into a combination with 20th Century-Fox to build theatres and supply film in opposition to Schlesinger.

At the present time, Schlesinger has practically a monopoly on all film made, both in United States and Great Britain, and unless United Artists' pictures are important, they will not reach for them.

Alternative #2, as a "licensee" territory: We can turn South Africa into a licensee territory but would be playing completely into the hands of the Schlesinger Group because any licensee has to depend upon Schlesinger for playing time. Therefore, we might as well stay in the territory ourselves if we can secure the playing time from Schlesinger and are not forced to build theatres, or promote the erection of theatres, to keep ourselves alive.

Schlesinger has attempted to steer us through a licensee by the name of Boxer and we would have been perfectly willing to negotiate with Mr. Boxer had Schlesinger guaranteed him playing time for United Artists pictures, which he would not do.

We have information that leads us to believe that the Schlesinger Group are not particularly keen about our small theatre development. They have, over a period of years, tried to counteract that type of development and I think they will always endeavor to squash it. So the future is not too dull. It might open up the Schlesinger Theatres to United Artists in due course.

The Corporation has transferred £10,000 to our Johannesburg Unit for the purpose of participating in investment of such reconstruction and renovation operations, subject to the approval of the Board of Directors. It was felt that, with this contribution on our part, it would be easier to unloosen local capital, which objective has, for some part, been realized. The only immediate solution is to carry on our policy of reconverting old independent native houses, or garages and other similar-type buildings into theatres. Our plan involves obtaining sufficient revenue to carry on and not lose a foothold in the territory until such time as the present building restrictions are lifted, or closer affiliation with Schlesinger. Whether this can be developed, as previously stated, remains to be seen, but since we have already had some preliminary success, my recommendations, as stated previously, are for a waiting period of a further four to six months.

LICENSED TERRITORY:

Consideration should be given to turning France, Belgium and Switzerland into "licensee" territories sometime during 1950, if there is no marked improvement in the French operation.

The reason for this recommendation is that the limitation of the quantity of pictures that can be released in France will always be a hazard against profitable operation.

If Les Artistes Associes cannot secure eleven big and important pictures, then it must lose money. Consequently, Belgium and Switzerland must follow in operating under difficulties to make important profits.

OUTRIGHT SALES:

DENMARK

This is the only territory that we would recommend, at the moment, to be turned into an "outright sale" territory. The Danish Government allocated a certain amount of dollars for the film industry, which included the local distributors; hence, the local distributors are permitted to pay dollars for film and import and distribute same in Denmark.

SEE STATISTICS ON DENMARK ATTACHED TO THIS REPORT:

The 1948 and 1949 operation as per the statistics attached herewith disclose a loss if we adhere to normal bookkeeping. Adjusting our books in accordance with Governmental regulations, by picking up as Corporation Income the Producers' share of film rentals over and above the dollars received by the producers, will reflect a profit for the 1948/1949 operation. Our legal status on this point remains to be determined by Counsel.

In 1950, the Government will permit the producers' share of film rentals to be credited to the picture account. Whatever dollars are allowed by the Danish Government will be applied as a debit against the producers' credit and the balance will be frozen.

The Danish Exchange will receive more pictures in 1950, but it is a question of competition in securing dates, and it is my considered opinion that we will not have a profitable operation much before the end of 1950, if at all.

The cost of closing this Exchange in severance pay (in addition to Producers and other liabilities as per detail attached) is, approximately, Danish Kroner 30,000. and in dollars, $4,500.

PERIOD OF GRACE:

Under the present circumstances, I would recommend to our Directors that, with the possible exception of the Argentine, we awaita further period of three months before deciding whether any changes in the status of any of the units should be made, as each of the Foreign units is now enjoying a greater volume of pictures due to the carryover. Consequently, the volume of business should increase and the losses cease throughout the Foreign territories.

A waiting period could be extremely dangerous, however, if the Corporation does not secure sufficient pictures to support the Domestic operation. If there is a lack of product, Domestic-wise, it, naturally, follows that there will be a shortage in the Foreign territories nine months from now. Therefore, as explained above, the economy of the Foreign Department is tied in with that of the Domestic Department's economic conditions, based on volume and quality production.

THE SEGREGATION OF THE FOREIGN DEPARTMENT FROM THE DOMESTIC BY FORMING A COMPANY CALLED UNITED ARTISTS INTERNATIONAL

The above is suggested in the event that it can solve the overall problem of the United Artists. I am mindful of the fact that the Banks are still demanding that additional working capital be placed in the company's treasury before they will continue to finance loans, taking the negatives as sole collateral. As all other mediums have been exhausted to raise capital, it is thought that a possible sale of an interest in the foreign United Artists International might be studied. Over the years, the foreign profits have been the mainstay of the company and without them, the company could not have survived financially in the past.

During the last 16 years, the Foreign Department has made an average of a million dollars per year, less Home Office Expenses.

The 16-year record from 1934 to 1949, as shown in past performance figures herewith attached, reflects the following:

Played & Earned	Profit	Franchise Fee	Total Profit
$158,048,208.-	$2,704,426.-	$13,702,297.-	$16,406,723.-

Foreign Home Office Expenses for same period (with 1949 not yet determined)

$ 3,684,955.-

This amount deducted from $16,406,727.- leaves a net of -

$12,721,772.-

In two or three months, the Foreign Department will definitely show profits; How much, only time and actual facts will tell.

The foreign operation is becoming more difficult; consequently, it will not be able to show the substantial profits of the past, due to many conditions beyond the control of Management. Therefore, it is doubtful if the Foreign Department will be able to show the former results in transferable dollars between $800,000. and $1,300,000. a year. To assist the Stockholders and Directors in

arriving at a decision. I give the following points, pro and con, in connection with the suggestion of disposing of part, or the whole, of the Foreign business.

(a) The question of the gamble of Profit or Loss world-wide as against cutting off the risk by eliminating the Foreign Department and concentrating on the Domestic end, thereby cutting down the Loss hazard.

(b) Consideration to be given to the question of the world's economic situation as it relates to the dollar as to whether or not, in the distant future, there will be free convertibility at a profitable rate of exchange, or more frozen territories, and a still higher percentage of the producers' share and profit frozen.

(c) Consideration to be given to the fact that producers prefer to retain their foreign rights, to sell for dollars in order to secure dollars to pay off the bank loans quicker and to finance future pictures.

In any proposed sale of the Foreign Department, the Odeon shares could be withdrawn from the English company and put in safekeeping for the Delaware Corporation.

The Foreign Department could be sold in one or two ways:

(a) An outright sale for dollars;

(b) A sale for dollars for either a 50% or 60% interest.

It is assumed that no buyer would undertake a purchase, either in whole or in part, without the United International receiving a long-term franchise for the foreign rights to pictures released by United Artists in United States.

If the Corporation retained a 50% interest, no producer could object to the United Artists-International Company fulfilling the obligation under our distributing contracts, and all future contracts could be made with a provision that United Artists-International Corporation is the distributor in the foreign territories.

I am attaching to this report a Foreign Consolidated Balance Sheet and Income Statement to give the Stockholders and Directors an idea as to its assets and liabilities, excluding the value of the Odeon shares.

By the segregation of the operation, the sale price should be sufficiently large enough to provide working capital for the Domestic Department.

It must be borne in mind that throughout the history of United Artists Corporation, for a great many years, it has been the Foreign Department profits that has been the mainstay of the company in its entirety. A sale of the Foreign Department, in whole or in part, would cut off all or part of the avenue of dollar income to the Domestic Company, but it might be that the time has now arrived when things might be in reverse, so a careful study must be given this suggestion to sell.

As to probable buyers of part interest in United International, I know of only one who was interested some time ago in a similar plan. Mr. Grinieff has a new project which is herewith set forth. Grinieff claims he and his associates would need a distribution medium to accomplish what the Banks are after:

PLAN

The following Banks, namely, Security-First National
Bankers Trust Company
Irving National
Bank of Manhattan
Pacific Finance

have consulted Mr. Grinieff as to ways and means to help these ingitutions in liquidating the residuals and frozen currencies of motion pictures which loans have not been paid off. I have been consulted on this matter by Mr. Grinieff and he has advised me that the following plan is now under consideration and has all the posibilities of being a fact.

It is realized that this is not the psychological time to consider the sale of any asset when the operation is at its lowest ebb. Therefore, I am not

suggesting the sale now or in the future, but merely desire to point up what can be done if money has to be raised, and to limit world-wide losses. Consequently, the following points are made:

1. The Pacific Finance Company to form a new company owned and controlled by Pacific Finance and Jacques Grinieff.
2. All Banks to foreclose on pictures on which loans are long past due.
3. The new company to enter into a deal with the Banks to buy all residuals for the unliquidated loan giving long-term Notes.
4. Income, by picture, shall go to the Banks interested after deduction of 20% for Jacques Grinieff's work and administration.
5. Frozen currencies to be worked for the Joint Account of the above mentioned Institutions.
6. If the Loans are not liquidated after a period of years, then they will be finally written off by the Banks (if they have not been written off previously), cancelling the balance of the outstanding Notes.

As there are many pictures involved, not only those distributed by United Artists but other companies, it still follows that the services of a distribution company will be required of the cost of liquidation would be top heavy. It is for that reason that Jacques Grinieff and his associates might have some interest in owning part of the Foreign Department.

RECOMMENDATIONS FOR INCREASED DISTRIBUTION FEES

AS DETAILED AND EXPLAINED IN THE INDIVIDUAL TERRITORY ANALYSES ATTACHED HERETO

Countries	Present Standard Distribution Terms	Recommended Distribution Terms
SWEDEN	37½%	42½%
AUSTRALASIA	37½%	42½%
CUBA	40%	50%
PUERTO RICO	40%	50%

LICENSEE OPERATION

Countries	Present Distribution Fees		Recommended Distribution Terms	
	Licensee	Corporation Supervision Fee	Licensee	Corporation Supervision Fee
HOLLAND	35%	10%	35%	15%
EGYPT	25%	10%	25%	25%
ISRAEL	Split terms	10%	Split terms	27½% to 32½%
PORTUGAL	35%	10%	35%	15%
INDIA	20%	10%	20%	30%
MEXICO	40%	10%	40%	10%
NORWAY	30%	10%	30%	20%
ITALY	40%	10%	40%	10%
FINLAND	40%	10%	40%	10%
SYRIA	35%	10%	35%	15%

NOVEMBER BUSINESS FIGURES - (RECEIVED TO DATE)

		P & E	CORP SHARE	EXPENSES	PROFIT OR LOSS	U. S. $
PHILIPPINE ISLANDS	Ps.	37,138	14,295	4,933	9 362	4,644
ARGENTINE	Ps.	55,100	23,000	86,600	63,600 -	6,360 -
[illegible]U	S/	78,882	34,437	18,889	15,548	801
CUBA	$	4,628	1,800	4,174	2,374 -	2,322 -
BELGIUM	Frs.	868,428	291,354	215,154	76,200	1,524
SWEDEN	Kr.	43,759	14,983	17,500	2,517 -	486 -
HONG KONG	H.$	19,935	8,349	3,873	4,476	764
SINGAPORE	S.$	15,781	6,243	5,417	826).	
SIAM	Ticals	2,279	910	455	455)	291
URUGUAY	U.$	14,200	5,500	5,400	100	35
COLOMBIA	Ps.	9,536	4,291	(a) 4,658	367 -	169 -
ENGLAND	L	50,927	14,665	12,453	2,212)	
LONDON PAVILION			213	(b) 2,400 -	2,613)	13,486
AUSTRALIA	L	7,985	2,977	4,068	1,091 -	2,430 -
NEW ZEARAND	L	947	370	829	459 -	1,266 -
CRISTOBAL	$	28,229	11,882	8,156	3,726	3,726
PU[illegible]O RICO	$	8,494	3,125	1,642	1,483	1,483
DENMARK	Kr.	9,000	3,600	8,200	4,600 -	956 -
SWITZERLAND	Frs.	32,632	12,368	13,608	1,240 -	283 -
INDIA	Rs.	53,995	16,200	16,436	236 -	50 -
						$ 12,432

Notes

(A) Colombia - Expenses - Includes - Employees Dismissals - Ps. 1,250.

(B) London Pavilion - Expenses - Reverse Amount Previously Accrued for Liability of Income Tax - $ 2,400.-

EXHIBIT "C" December, 1949

Minimum Contingent Liability - Employees' Severance As Reported After Discussion with Local Auditors

Countries	Currency	Local	Dollars	
ENGLAND	£ Sterling Min.	3,434	$ 9,615(a)	- (a)Includes only 5 employees covered by more than 1 week's notice; others through Court of Law.
FRANCE	Fr. Francs	5,500,000	12,222	
SWITZERLAND	SW. Francs	12,440	2,840	
SWEDEN	Swed. Kronas	224,686	43,364	
DENMARK	D/Kr.	28,000	4,054	
BELGIUM	B/Frs.	357,151	7,142	
AUSTRALIA	Australian £	3,316	7,394	
NEW ZEALAND	New Zealand £	335	925	
HONG KONG	H.K.$	2,750	469	
SOUTH AFRICA	SO. African £	148	414	
PHILIPPINE ISLANDS	Pesos	2,180	1,090	
STRAITS SETTLEMENTS	S./$	2,481	806	
ARGENTINE	Argentine Pesos	423,400	42,340	
CHILE	Chilean Pesos	182,000	5,824	
BRAZIL	Cruseiros	3,715,686	185,784	
CRISTOBAL	U.S.$		514	
PERU	Soles	143,867	7,409	
COLOMBIA	Colombian Pesos	8,290	4,251	
CUBA	Cuban Pesos	6,000	5,868	
PUERTO RICO	U.S.$		768	
Total:			$ 343,093	

GREAT BRITAIN

Set forth below is the monthly business and expenses, expressed in Sterling, of our Great Britain operations for the fiscal year of 1949, covering twelve months' business.

Month	Played & Earned	Corporation Share Inc. other Income	Total Expenses (Incl. Taxes)	Profit or Loss
December '48(5 wks.)	£ 32,280	£ 10,348	£ 14,894	£ 4,546 —
January '49	53,609	16,166	14,693	1,473
February	60,280	16,377	11,116	5,261
March (5 wks.)	77,642	20,245	15,627	4,618
April	64,686	17,422	11,073	6,349
May	46,486	12,628	11,007	1,621
June (5 wks.)	59,680	16,710	13,564	3,146
July	34,904	10,321	11,197	876 —
August	44,119	11,669	9,922	1,747
September (5 wks.)	66,010	18,596	12,365	6,231
October	50,409	14,301	7,800	6,501
		41,105 (a)		41,105 (a)
November	50,927	14,665	12,453	2,212
			2,400 (b) —	2,400 (b)
12 Month Totals:	£641,032	£220,553	£143,311 (Excluding Franchise Fees to U.A. Delaware)	£77,242

These figures are unaudited and obtained from the Monthly Business Cables. At the conclusion of this report, in Schedule "A", we have set out the audited yearly operations for the periods 1937 to August, 1949, inclusive.

(a) The above October Corporation Share includes the Odeon dividend of £41,105. The October expenses include an adjustment in the Corporation Share of Advertising Account, having the effect of reducing the expenses by £1,200.

(b) The above November Expenses lists a reduction of £2,400 representing a reduction in Total Income Tax for the year.

The recent devaluation in Sterling by the British Treasury had the effect of reducing our dollar profit by, approximately, $61,000, which figure includes the loss suffered in the Odeon dividend converted at the new rate.

The Great Britain operations, because of expediency and minimum operational cost, has been divided into a three-phase operation with the temporary elimination of a Managing Director. The selling organization of the Great Britain distribution has been placed under the supervision of M. C. Morton. The fiscal operations of our English Company are under the control of W. J. Smith, the company Secretary. The supervision of Continental Europe, through the Export Company, is handled by Walter Gray.

We operate via nine branch offices throughout Great Britain and Eire in addition to a Film Depot in Belfast. Our branch office premises are all occupied under leases expiring within the next two to four years, with the exception of the Head Office in London, which runs to 1970 with seven-year options. The lease expiration dates and rentals are set forth hereunder:

Location	Expiration		Rental
LONDON	Year 1970 (Current option expires 12/28/49.)	Rent	£3707-10-0 annually
		Cleaning & Heating	374-0-0 "
		Fire Insurance	34-10-0 "
LEEDS	12-14-53	Rent	200-0-0 annually
		Heat	14-0 per week
	6-4-52	Vaults	150-0-0 annually
MANCHESTER	Yearly-(at 12/25)		350-0-0 annually
NEWCASTLE	5-1-55	Office	200-0-0 annually
	Quarterly(at 1/1)	Vault	26-0-0 "
BIRMINGHAM	12-25-52	Office	80-0-0 annually
	6-4-52	Vault plus fire ins.	150-0-0 "
LIVERPOOL	Yearly (at 8/1)		235-0-0 annually
CARDIFF	9-29-54		125-0-0 annually
DUBLIN	7-18-50		130-0-0 annually

Location	Expiration		Rental
BELFAST	8- 1-52		£ 65- 0- 0 annually
GLASGOW	5-24-50	Office	58-15- 0 annually
	6- 4-52	Vault	150- 0- 0 "
LONDON			
Pavilion Theatre	8-31-52	Participation and guarantee	
Advertising Sites	8-31-52		1,500- 0- 0 annually
Poster Store	9-29-50		850- 0- 0 "
Store Room	9-29-52		275- 0- 0 "

As England is approximately 40% of the total Foreign, it therefore is the hub of the Foreign operation, and any falling off of business at that point has a serious effect on the consolidated Foreign field. The operation in Great Britain is a distributor's paradise, the cheapest operation in the world, including the U.S.A. and Canada.

With the normal load factor of volume, i.e., getting our share of Circuit bookings, our yearly turnover should be no less than £1,000,000 to £1,300,000; at 30% of the Gross for the Unit, it should operate at 14% instead of 23% and make between £150,000 to £200,000 per year, which profit, translated into dollars at $4.03, was the saviour of the company as a whole in the past.

The profit in the old days of, approximately, £2,900 per week is down to £758 for 1949.

The English Unit, by not receiving its fair share of Circuit bookings, (two dates in 1949 and one pledged in 1950) cannot from now on be expected to turn in a gross profit to insure the Foreign Department with a substantial overall profit.

For the period ending October 1st, 1949, the English Unit was £310,000 below the previous year during which time the company received 7 circuit dates from Rank. Selling to Rank's opposition represents a loss of 40% to 50% of

the potential gross of a picture. The same percentage of loss is, naturally reflected in the company's profit.

The situation as far as securing current bookings is primarily due to the stubbornness of Mr. John Davis, who, apparently, from his tactics, would like to see the United Artists fail, through furnishing only two dates a year as against 15 to 20 for 20th Century-Fox, 8 to 10 for Paramount, 5 to 7 for R K O, 2 to 3 for Columbia, 6 to 10 for Universal and 3 to 5 for Eagle Lion.

Since booking or dating in England is always 6 months in advance, the Circuits are booked to May and June of 1950, and for that period, we have only one date, April 24th, a bad date at that, for OUTPOST IN MOROCCO and AFRICA SCREAMS as a program.

John Davis has refused to give a Circuit booking for HOME OF THE BRAVE, and as for BLACK MAGIC, he claims we have not got a suitable picture to go with it as a second feature, i.e., he has screened the following:

GREAT DAN PATCH
INDIAN SCOUT
WITHOUT HONOR
BIG WHEEL
QUICKSAND
A KISS FOR CORLISS
CROOKED WAY

and has refused every one of these as a second feature which, under normal circumstances, we would not consider playing as second features.

Therefore, in spite of a greater number of pictures, we cannot see any great improvement in 1950 unless Mr. John Davis gives the English Company a break in the latter part of the year of 1950.

June 12th, 1950 ends the Film Settlement Agreement and plans are afoot to start negotiation and apparently from the preliminary discussions, the deal will be as simple as $17,000,000, less 30% for devaluation.

The cost operation should not be materially increased during 1950, only slight increase in salaries to be expected.

PAVILION THEATRE, LONDON:

The Pavilion Theatre lease expires in 1952 and it is largely a question of whether or not it is worth while to renew it.

The First Run business is away off and none of United Artists' pictures attained any outstanding grosses. It is my belief that the theatre is not a good motion picture house as compared to other first runs. For the atmosphere that exists at the London Pavilion Theatre, the scale of prices is far too high as against other more modern theatres.

During the year, we had to re-seat the Circle and part of the Orchestra and to re-equip the Project Room brand new machines.

It is my recommendation we let the Theatre go as the small amount of profit is not worth the lease obligation.

The Profit and Loss position of our London Pavilion operations for the twelve months of our fiscal year is stated below, expressed in Sterling:

PAVILION	Profit or Loss (-)
December '48	£ 497 -
January '49	717
February	1516 -
March	2475
April	881
May	650
June	1045
July	191
August	138 -
September	176 -
October	536 -
November	213
Net Profit	£3,311

Attributable to the profit we enjoyed for April, May, June, above, was the 12-week engagement of JOAN OF ARC, which we were successful in booking.

In addition to our London Pavilion operation, our English subsidiary has also under lease two advertising sites at the northeast and southwest corners of the theatre, plus spaceage in the front. The rental of these sites places an added burden on the successful operation of the house. Our obligation for the leasing of these advertising sites expires simultaneously with our London Pavilion lease, namely, August 31, 1952.

There was, however, an emergency rental agreement entered into, which may have the effect of extending our Pavilion and advertising site obligation beyond the August, 1952, date in view of an interim period calling for special rental terms during the 75% ad valorem tax.

ODEON THEATRE LTD.

Odeon Cinema Holdings still control 52% of Odeon Theatre Ltd. ordinary shares. The last dividend paid by Odeon Theatre was in June, hence subsequent Odeon Cinema Holding declared a dividend on its shares and United Artists Corporation dividend was £41,105 after giving effect to the purchase of Odeon Cinema Holdings preferred stock from Rank and Bates by contract.

ODEON THEATRES LTD. INCLUDING THEATRE OPERATING SUBSIDIARY COMPANIES:

The first 20 weeks of the company's fiscal year reflects a profit of £84,149. as against twenty weeks last year £444,412.0.0.

Like many other theatres in Great Britain, the Odeon Theatres Ltd. lost a tremendous amount of money during the summer weeks of 1949 due to the severe hot weather.

There are no changes in the holdings of United Artists Corporation Ltd.

The dividend usually paid in September or October was passed. It is doubtful if a dividend will be forthcoming during 1950 due to the financial difficulties of Odeon Theatres Ltd.; if not declared and paid, some idea can be gained as to what the English Company's business will be like for 1950 by deduction of the dividend from 1949 net profit.

ENGLAND - SHORTAGE OF PRODUCT IN GREAT BRITAIN

The curtailment of English motion picture production by the Rank Organization will result in neither Gaumont nor Odeon Circuits being able to meet their quota of 40%. Consequently, both circuits will have to apply for quota relief.

Shortage of quota will result in Rank taking more American pictures from the major American producers, but United Artists has not enjoyed any of this additional business.

FRANCE, BELGIUM and SWITZERLAND

Because of the geographic proximity, in addition to the language similarity, these three individual units must be treated as one in analyzing motion picture distribution in the territories. Both Switzerland and Belgium draw their French dubbed version prints from the Paris negative and distribute these French language pictures in addition to their own local language superimposed titles.

Georges Rouvier is President of Les Artistes Associes and our Belgium unit is under the management of Georges Soulet with Switzerland being managed by Constantin Goldin. In addition, we operate a European Service Bureau handling the shipments of French prints for the Continent and Near East, which is under the control of Guy Crossell Smith.

Set forth below is the monthly business and expenses, expressed in the local currencies for the fiscal year of 1949, covering the three territories:

FRANCE

Month		Played & Rented	Corp. Share Inc. Other Income	Total Expe. (Inc. Taxes)	Profit or Loss (-)
Dec. 1948 (5 wks.)	Fcs.	9,198,729	2,936,744	4,835,075	1,898,331 -
Jan. 1949		14,414,566	4,262,231	4,762,418	500,187 -
Feb.		14,080,934	4,669,194	5,152,080	482,886 -
March (5 wks.)		14,667,491	4,677,129	5,426,723	749,594 -
April		9,640,011	2,983,158	4,780,113	1,796,955 -
May		10,139,658	3,287,153	4,698,658	1,411,505 -
June (5 wks.)		13,947,636	4,571,995	4,863,384	291,389 -
July		8,219,114	2,822,577	4,222,635	1,400,058 -
Aug.		9,297,257	3,208,717	4,253,978	1,045,261 -
			(a)3,355,000		(a)3,355,000
Sept. (5 wks.)		17,687,468	5,565,894	5,129,420	436,474
October		14,666,322	4,451,712	5,188,260	736,548 -
November *					
Total thru Oct. '49		135,960,086	46,791,504	53,312,744	6,521,240 -

(a) Other Income - This was a liability to the U. A. Export that was cancelled.

* November figures not yet received.

BELGIUM

Month		Played & Earned	Corp. Share Inc. other income	Total Exp. (Inc. Taxes)	Profit or Loss (-)
Dec. 1948 (5 wks.)	B. Fcs.	447,884	164,002	296,606	132,604 -
Jan. 1949		328,619	109,390	219,005	109,615 -
Feb.		280,018	98,180	215,507	117,327 -
March (5 wks.)		531,985	178,506	268,403	89,897 -
April		571,584	178,632	230,042	51,410 -
May		571,446	178,210	230,356	52,146 -
June (5 wks.)		804,951	260,380	275,788	15,408 -
July		491,506	169,907	235,265	65,358 -
August		357,680	119,626	243,489	123,863 -
Sept. (5 wks.)		731,339	259,672	252,438	7,234
October		637,034	214,994	238,968	23,974 -
November		868,428	291,354	215,154	76,200
Total:		6,622,474	2,222,853	2,921,021	698,168 -

SWITZERLAND

Month		Played & Earned	Corp. Share Inc. other income	Total Exp. (Inc. Taxes)	Profit or Loss
Dec. 1948 (5 wks.)	S. Fcs.	17,180	6,749	11,559	4,810 -
Jan. 1949		19,606	8,085	10,804	2,719 -
Feb.		23,952	7,848	11,802	3,954 -
March (5 wks.)		31,192	11,954	11,287	667 -
April		14,273	5,184	9,094	3,910 -
May		15,937	5,164	8,254	3,090 -
June		35,973	11,500	11,263	6,891
			(a) 6,654		
July		16,712	6,926	9,349	2,423 -
August		15,492	5,499	7,488	1,989 -
Sept. (5 wks.)		14,374	5,978	13,003	7,025 -
October		33,318	12,608	11,221	1,387
November		32,632	12,368	13,608	1,240 -
Total:		270,641	106,517	128,732	22,215 -

(a) Includes Refund of Taxes Fcs. 6,654.

Although each of the territories operate independently under the direct supervision of New York with the accounts of Switzerland and Belgium being maintained by the Export Company in London, Georges Rouvier maintains a nominal supervisory counsel over the Switzerland and Belgium operations.

In France, we operate six branch offices in addition to an agent in French North Africa with three offices. In Belgium and Switzerland, we operate one distribu-

tion point for each in Brussels and Geneva respectively. The leasing obligations for the three units are set forth below:

FRANCE

	EXPIRATION	RENTAL	
PARIS	April 1st - Indefinitely with 1 month's notice	Frs. 204,000	yearly rent plus taxes* and repairs
PARIS GARAGE	4-1-50 Annual Renewal	30,000	yearly
PARIS SERVICE CRG.	7-1-50 Yearly Renewal	60,000	yearly
LYON	6-23-51	28,000	yearly
MARSEILLES	12-31-48 Old lease continued on. Now finalizing new lease. L'r. 11/8/49	19,800	yearly rent and charges
STRASBOURG	12/31/49	21,000	yearly rent and charges
BORDEAUX	12/31/50	40,000	yearly This includes print storeroom
LILLE	2/28/57	35,000	yearly

* Taxes based on rental office premises - 9 months thru 8/27/49 - Frs. 321,250.

BELGIUM

BRUSSELS	12/31/54	B.Frs. 120,000	1/1/49 to 12/31/50 Annually last two years.
		140,000	1/1/51 to 12/31/54 Annually last four years.
U. A. Receives rental for sublet to 12/31/54. terminate annually.		Tenant may) 48,000)	Annually

SWITZERLAND

	EXPIRATION		RENTAL	
GENEVA	1/31/52	Fcs.	2,600	1st yr. 2/1/49 - 1/31/50
			2,700	2nd yr. 2/1/50 - 1/31/51
			2,800	3rd yr. 2/1/51 - 1/31/52
		plus	770	P.A. Heating and Fire Insurance

Our French Company, Les Artistes Associes, is not the only American company operating at a loss in the territory, and 20th Century-Fox and Columbia have publicly admitted to losses. The reason for this unhealthy condition is purely because of restrictive French regulations limiting eleven (11) American dubbing visas per year for each company in addition to the prohibitive Fr. 400 metrage tax on dubbed versions. Our French Company's losses are not caused by an exorbitant overhead operation but, rather, by an inability to obtain sufficient gross business on their limited pictures allowed under the law. If the eleven pictures selected for dubbing do not prove the most outstanding successes, capable of grossing 17,000,000 francs average per year each, then our French operation cannot operate profitably. It, naturally, follows that it is almost an impossible condition to have eleven pictures that will measure up to this success in the territory.

Another important contributing factor has been the Corporation charge for distribution. Under our recent producer contracts, management has been successful in increasing the distribution fee to 37½%. It will be noted that the Corporation Share of grosses for the month of October has increased slightly because of this factor. It will not be possible, however, to average 37½% Corporation Share during 1950 for the reason that our producers' contracts on BLACK MAGIC, SLEEP MY LOVE, VERDOUX, and the French pictures, call for less than 37½%. It is estimated that the Corporation Share for next year will average between 30% and 32%. It is necessary that our French Company do a gross of Frs. 16,000,000 a month or, approximately, Frs. 200,000,000 per year to show a profit and, with the eleven-visa limitation with the product the corporation has in sight, it is almost an impossibility to obtain the necessary eleven out-

standing pictures to do the gross required. Other of the American major companies face the same problem, in the case of Metro and Fox, they are able to incorporate more important grossing pictures than we can in their eleven permittable derogations. The problem is not one of quantity since we have many pictures that could be made available, but one of quality inasmuch as we have sufficient pictures in our line-up to make up the eleven that we will distribute during the 1950-'51 season. Under the present dubbing and printing costs, a picture must do not less than Frs. 8,000,000 in order to clear its cost. The present costs for dubbing and prints average Frs. 5,000,000.

There is a wide variation in the grossing possibilities which the undermentioned grosses will bear out:

MONSIEUR VERDOUX	Fcs.	52,000,000
MACOMBER AFFAIR		8,000,000
COPACABANA		8,000,000
OUTLAW		25,000,000 (not completed)
NIGHT IN CASABLANCA		19,500,000
RED HOUSE		8,000,000
LE DIABLE SOUFFLE (French picture)		14,300,000
UNE GRANDE FILLE TOUTE SIMPLE		19,800,000
CAPTAIN KIDD		11,500,000
BLOOD ON THE SUN		19,000,000

The most surprising picture of the year has been ATLANTIS, which is performing equally as successfully as M. VERDOUX and should gross, based on present experience, Frs. 50,000,000 for both versions. France is the only territory where ATLANTIS has met with any success. In our present line-up for 1949-'50, we have some pictures which we are hopeful will prove extremely successful, such as, ATLANTIS, already established, HOME OF THE BRAVE, CHAMPION, AFRICA SCREAMS and BLACK MAGIC, but whether it is possible to accumulate a yearly turnover of Frs. 200,000,000 is problematical.

LOSSES:

1st.	There is an accumulated loss as at November 1948 -	22,472,759.55
2nd.	Current losses 9 months ending August 28, 1949	3,423,579.76
	Total:	Fr.25,896,339.31
3rd.	The estimated loss on the two French pictures financed by the French Company	Fr.15,000,000.00
	Total:	Fr.40,896,339.31

The Unit has done Frcs. 25,950,000 for the month of November. If it can do the same or more for December and January, it might have solved its problems, as far as current losses are concerned, but it is a dangerous Unit owing to limitation of releases as it cannot compensate the loss by increase in volume of releases unless it distributes very important pictures.

PRODUCERS DR. BALANCES As at August 27, 1949.

The Producers debit balance in France against dubbed versions as at namely August 27th, 1949. Frcs. 79,928,010.57

French Pictures	Frcs. 31,448,060.85	
Estimated Loss on Fr. Pictures.....	15,000,000.00	15,000,000.00
Recoverable Debit Balance	16,448,060.85	64,928,010.57

PRODUCERS CR. BALANCES As at August 27, 1949. Frcs.193,934,467.89

CASH AS AT AUG. 27th, 1949		73,520,707.88
PRODUCERS DR. BALANCES		64,928,010.57
DUE FROM EXHIBITORS & MISCELLANEOUS		12,830,374.39
RAW STOCK ON HAND		10,171,495.50
OTHER ASSETS		6,314,335.25
		167,764,923.59
LESS: LIABILITIES - DUE N. Y.	6,575,499.31	
A/C PAYABLE, TURNOVER TAX, etc.	8,101,295.70	
		14,676,795.01
		Frcs.153,088,128.58
Loss Less Capital of Frcs. 50,000.		Frcs. 40,846,339.31

At the present open market rate the loss would be approximately $ 100,000.00

WORKING CAPITAL:

Les Artistes Associes requires considerably more working capital than any of United Artists Units in the foreign field by virtue of the fact that it has to advance the cost of dubbed versions and prints.

Due to an additional tax of Frcs. 400 per meter, the investment is now approximately Frcs. 5,000,000 per picture to bring it to the point of distribution including the costs of prints. Therefore, as the Unit releases eleven (11) pictures a year, it requires an investment of Frcs. 55,000,000 per year (increased if Technicolor prints are used) plus the unrecouped Producers Dr. Balance from the previous season estimated at 20,000,000.

It, therefore, requires approximately Frcs. 75,000,000 as working capital, which is equivalent to approximately $187,000.

FRANCE: WAR DAMAGE:

It may be recalled that, prior to the War, our offices in Paris were on the Rue D'Astorg, where we had ample room for our operation. These premises were eventually occupied by the Germans, they confiscated all the equipment, prints and accessories. Therefore, Les Artistes Associes suffered the following War damage:

1. Destruction of our interior decorations;
2. Confiscation of furniture and fixtures;
3. Loss of prints;
4. Loss of accessories;
5. Loss of play dates, etc.

Les Artistes Associes have engaged the services of a specialist in this matter, who for all intents and purposes, is an architect but is recognized by the Government as an adjustor on War damage, etc.

Our bill of goods representing our claim runs into Frcs. 100,000,000.

What we are mostly concerned with is getting back the offices and the money to redecorate them and make them livable, which may cost in the neighborhood of Frcs. 20,000,000. The landlord of the building is also claiming damages.

As Germans occupied the premises until the termination of the War, the French Alien Custodian took over the property, but we are given to understand that as of the 1st of December, 1949, control goes back to the landlord, so there may be some possibility, in the near future, of securing some money to refurnish our premises so we can again occupy them, as the present space is totally inadequate and the operation is decentralised.

BELGIUM:

It will be noted from the monthly business figures covering this unit outlined previously, that we have been successful in operating at a profit for the month of November, due to additional pictures in release. The grosses in Belgium are dependent upon Paris where they obtain dubbed prints. The Belgium Unit, also distributes some pictures in the superimposed version only, these being the pictures that are not dubbed by Paris, the greatest volume of business obtainable in Belgium comes from the French language dubbed version. Therefore, it must be appreciated that Belgium is effected in its gross business by the delay and other problems surrounding the making of dubbed versions in Paris.

Belgium is still a hard-currency territory and dollar remittances are permitted periodically. Its future must be allied with that of France, although it does not always follow that a successful picture in Belgium will be afforded the same reception in France or vice versa.

Our greatest problem in Belgium, at the moment, is the great quantity of pictures that are placed on the market by, not only the American companies, but, also, Italian, French, German, and other pictures. An added problem is the selling custom

of the country whereby a complete selling program must be submitted to the exhibitors at the beginning of the season, after which, the exhibitors will furnish dates. This has an effect of creating a scramble for dates and a difficulty to obtain playing time of unannounced pictures that are imported during the season. There are no restrictions in Belgium regarding the number of French dubbed versions that can be imported, but inasmuch as France is prohibited from distributing a greater quantity than eleven, our Belgium Unit cannot distribute more than eleven in any one season.

The economic conditions in Belgium have deteriorated since the close of the war and while the currency is free, all import business has fallen off recently. There is a tremendous number of unemployed in the territory, which has an adverse effect upon the box office potentialities.

SWITZERLAND:

The motion picture operations in Switzerland experience a wide variation in grosses which causes a severe irregularity in business. The operating losses of our Switzerland Unit were brought about by the same problem as in Belgium, namely, the quantity and quality of the French dubbed pictures obtainable from Paris. In Switzerland, a picture is either a very successful one or a very ordinary one. There is no average good picture, as the following wide range of grosses will indicate:

	Played		Played
SINCE YOU WENT AWAY	306,201	GUEST IN THE HOUSE	22,199
SPELLBOUND	193,860	CAPTAIN KIDD	38,511
VERDOUX	158,979	CHAMBERMAID	13,289
I'LL BE SEEING YOU	61,141	SOUTHERNER	19,877
CARNEGIE HALL	88,925	WHISTLE STOP	17,367
THE OUTLAW	76,994	COPACABANA	16,938
SENSATION	41,871		

Additionally, the method of conducting exhibition business in Switzerland is that the exhibitor is the final deciding factor whether a picture plays or not. Many theatres contract to play pictures, but because of the very strong exhibitors group, many of the contracts are not fulfilled. To legally contest any of these, would

entail enormous and prohibitive local costs with very little assurance of success under Swiss Courts. We recently made a change in the management of our Geneva office and we look forward towards a decided improvement, which should begin to be felt the early months of the new fiscal year. It is expected that with a greater amount of pictures, plus the dubbed versions on the more important ones, they will obtain from Paris, this dollar territory will revert to its former profitable operation.

Under an Association Trade Agreement, all American companies are limited to importing only nineteen pictures per year into the territory. This regulation, however, works no undue hardship on the corporation, providing a good portion of the nineteen pictures are of a higher quality type and not just ordinary program pictures.

D E N M A R K

Set forth below are the monthly business and expenses expressed in Danish Kronas covering our operations for the eleven months of the fiscal year of 1949. The figures for the month of November have not as yet been received.

MONTH		PLAYED & EARNED	CORP. INC. OTHER INCOME	TOTAL EXP. (INC. TAXES)	PROFIT OR LOSS -
Dec. 1948	(5 wks.)	Kr. 25,362	10,037	7,633	2,404
Jan. 1949		13,910	5,647	6,550	903 -
Feb.		16,500	7,365	6,450	915
Mar.	(5 wks.)	12,819	5,238	7,165	1,927 -
Apr.		8,408	2,502	6,789	4,287 -
May		6,953	2,672	6,586	3,914 -
June	(5 wks.)	7,048	2,705	7,947	5,242 -
July		7,474	3,191	7,120	3,929 -
Aug.		5,885	2,293	8,131	5,838 -
Sept.	(5 wks.)	5,087	2,020	7,060	5,040 -
Oct.		4,800	2,025	7,374	5,349 -
Nov.					
		112,246	45,695	78,805	33,110 -

The figures expressed above are established under our regular method of accountancy but if the accounts were set up as prescribed by Danish law then the unit would reflect a profit inasmuch as the producers' shares of film rental are eliminated and classified as Corporation Income and so taxed as explained in the earlier part of this report. This regulation was put into effect in 1948 and although the United Artists contested this new tax regulation, the authorities ruled against our appeal.

The Danish Government has placed a severe restriction on the transfer of any Kronas into dollars. The Government does allow a small yearly quota for the American film companies but such dollar transfers leave an extremely small portion over and above actual print costs.

We operate one branch in Denmark located at Copenhagen under the managership of Jorgen Engelstoft. Details of the lease covering our premises are as follows:

RENT:

Danish Kr. 6,850. yearly plus heating.

DURATION:

Irrevocable on the part of owner until October 1st, 1952.

United Artists may terminate lease with three months notice prior to October 1st each year.

Because of this severe curtailment of dollar remittances our producers have been reluctant to permit their respective pictures to be distributed by our exchange which has accounted for the very limited number of pictures we were able to distribute for the past several years. In 1948 we distributed seven pictures. In 1949 we distributed six pictures.

The Danish Government recently modified the prohibitive excess profits tax and we are now arranging to ship eleven pictures into the territory for release during 1950. This will have an effect of increasing our gross business into the territory and possibly overcoming our heretofore losses.

I have recommended a waiting period of several months before taking any drastic step with respect to our Danish subsidiary. It is believed that by March or April of 1950 we will be in a position to definitely fore-tell whether the unit can operate profitably and maintain a foothold in the territory. If it is seen that such profitable operation is impossible in view of restrictions and local picture competition, etc. then my recommendations are that our Danish subsidiary beclosed and the territory be converted into an outright sale.

A licensee for Denmark would be practically impossible since any local distributor would be faced with the same restrictive problems that we have and would have to charge such a high distribution fee that distribution of our pictures in the territory would be unprofitable from the producer's point of view. In fact, average pictures would not be able to recover their dollar print outlays.

There is a dollar demand for outright sales but buyers having available dollar credits only reach for the most important pictures such as RED RIVER, AFRICA SCREAMS, etc.

Additional to the employees severance liabilities, the Denmark Balance Sheet of October 1st, 1949 reflects the under-mentioned liabilities to producers and others.

BALANCE SHEET - October 1, 1949

ASSETS

Cash	D. Kr.	55,688
Deposit for Electricity		165
A/C Rec. Exhibitors		2,441
Accessories		2,635
Furniture, Fixt. (net)		3,260
Deferred Charges		6,153
TOTAL ASSETS		69,742

LIABILITIES & CAPITAL

Owing to Producers (Cr.)	44,624	
(Dr.)	15,180 -	29,444
Accts. Payable & Accrued Expense		1,559
U. A. Export	2,575	
U. A. Franchise	3,219	
N. Y. Purchase A/C	77,417 -	71,623 -
RESERVES		67,500
Statutory	12,500	
Special	20,000	
Income Taxes	35,000	
CAPITAL		50,000
DEFICIT		7,138 -
TOTAL LIABILITIES & CAPITAL		69,742

In the event it is decided to close our direct operations in the territory after March or April of next year then the producers' liabilities will have to be satisfied by working out a dollar valuation of the Danish Krona balance due. It is

believed that not too great a difficulty will face us in this respect since the majority of the producers will very likely agree to a mutually decided rate in view of the attractiveness of obtaining dollars for their shares.

We have just received a communication from Copenhagen which indicates that a ceiling will be placed on the number of American pictures each company will be allowed to release. The authorities have suggested 120 pictures and we will not be permitted to credit to New York or London more than 60% (inclusive of Franchise fees, supervision, accessories, etc.) on pictures released after January 1st, 1950.

ARGENTINE, PARAGUAY and URUGUAY

Set forth below is the monthly business and expenses, expressed in Argentine Pesos of our operations for the fiscal year 1949 in the above territories:

- ARGENTINE - 1949

Month	Played & Earned	Corporation Share Inc. Other Income	Total Expenses (Incl. Taxes)	Profit or Loss -
December '48 (5 wks.)	Ps. 43,137	17,758	76,621	58,863 -
January '49	37,436	15,344	52,969	37,625 -
February	56,408	25,647	56,413	30,766 -
March (5 wks.)	59,785	26,370	75,144	48,774 -
April	96,284	41,771	77,540	35,769 -
May	176,191	60,867	62,262	1,395 -
June(5 wks.)RED RIVER	282,422	112,836	84,472	28,364
July	120,554	44,739	68,315	23,576 -
August	77,545	31,479	64,613	33,134 -
September (5 wks.)	80,359	34,405	82,968	48,563 -
October	91,529	34,620	72,542	37,922 -
November	55,100	23,000	86,600	63,600 -
Total: Ps.	1,176,750	468,836	860,459	391,623 -

- URUGUAY - 1949

June (5 wks.)	Ps. 49,793	17,360	18,756	1,396 -
July	19,954	9,384	10,192	808 -
August	30,304	13,982	13,274	708 -
September (5 wks.)	20,180	9,311	12,204	2,893 -
October	9,200	3,600	4,000	400 -
November	14,200	5,500	5,400	100
Total: Ps.	143,631	59,137	63,826	4,689 (AP.17980)-

It will be noted that, commencing with the month of June, the returns for the territory of Uruguay have been shown separately. Prior to June, the Uruguay business was included in our Argentine operations but since the Uruguay Treasury permits free transfer of earnings into dollars under a special license and since all Argentine Pesos are frozen, the Uruguay business was divorced from June onwards.

The above figures are unaudited and subject to certification. At the conclusion of the report, we have set out the added yearly operations for the periods 1937 to 1948 inclusive.

The Argentine Peso was recently devaluated by, approximately, 45%, being now quoted at 10¢ per peso. It will be noted that the dollar equivalent of the Argentine peso operations is reflected below, based on such 10¢ revaluation:

12 Months	Played & Earned	Corporation Share Inc. Other Income	Total Expenses Incl. Taxes	Profit or Loss
	$117,675	$46,083	$86,045	$ 9,162 —

The territory is under the managership of Jorge Suarez, a Chilean, who was originally our Manager in Santiago, transferred to the Argentine some years ago. We operate seven branch offices in the territory in addition to our Uruguay agency. We have our own representative, Adolfo Friedman, stationed in Montevideo, supervising this agency. Detail of our outstanding leases in the territory are as hereunder:

(a) (Although some Argentine Branch leases have expired, Tenants are protected by National Decree until September, 1951.)

ARGENTINE	Expires		Rental	
Buenos Aires	4-30-51		Ps. 2000	Monthly plus taxes
Bahia Blanca	Expired (a)		Ps. 115	Monthly
Cordoba	Expired (a)		Ps. 140	Monthly
Mendoza	Expired (a)		Ps. 75	Monthly
Rosario	Expired (a)		Ps. 200	Monthly
Santa Fe	Expired (a)	Office	Ps. 170	Monthly
	"	Vault	70.40	"
Tucuman	3-31-50		Ps. 200	Monthly
URUGUAY				
Montevideo	As long as U.A. Representative is there		U.Ps. 100 plus 25	Monthly Yearly for sign

In March, 1949, the Argentine Government, by presidential order, promulgated a law, restricting the importation of all American motion pictures, which, in effect, was designed to drive the Americans out of the market. The territory is extremely nationalistic and although the industry is at the moment negotiating with the officials to work out some suitable relief, the immediate prospects do not at all seem optimistic.

Referring to the history of the Argentine operation from 1934 to 1949, attached to this report as Schedule "A", it will be noted that 1935 was the largest profitable year in which the unit's profit was over $30,000. derived from a total gross of over $400,000. It will be noted in 1946, the gross business was over $550,000., yet only a profit of $12,600. was obtained. This condition was due in part to the pictures that were distributed on a 25% fee. Although there were only several of such lower distribution pictures involved, the fact remains that these were our biggest successes.

In 1947, the corporation did over $500,000., yet suffered a loss of approximately, $29,000. This was caused by an increase in overhead covering the salary of the majority of executives of our unit and various other union increases and severance pays. As the economic situation changed in the Argentine, which is also true of other South American countries, it brought about an increase in the cost of living which was directly reflected in our overhead cost by periodic salary increases dictated by the union in addition to the compulsory wage grants by the Labor Department of the government.

The Operating Loss to October 29th was Ps. 326,860.78, or in dollars, $32,686. The latest Balance Sheet we have received in New York covers the period October 29th and reflects the following condition:

Cash. . . . . Pesos	630,761.	
Gold Coins.	120,227.	750,988.
Advances and Deposits.		55,470.
A/c Rec. Exhibitors.		48,466.
A/c Rec. New York.		558,647.
Chile Productions.		346,891.
		1,760,462.
Owing to Producers		1.491,992.
A/c Payable		245,764.
		1,737,756.

At the beginning of the fiscal year, the Argentine unit had an accumulated surplus of Ps. 423,769.53, deducting the operating loss of Ps. 326,860.78 reduced the surplus to Ps. 96,908.75.

If closing our Argentine subsidiary and converting the territory into a licensee is acted upon by the directors, and the Unit operations transferred to others, then Uruguay can be established as a licensed territory out of New York since dollars are freely transmitted from Uruguay. Our present distributor in Uruguay, namely, Bernardo Gluckmann, will then report, account and be supervised out of New York instead of B.A.

The Argentine, Uruguay, Paraguay and Chilean operations are presently handled by our Delaware subsidiary, United Artists South American Corporation, which corporate set-up can remain intact for the Chilean operations.

H O N G K O N G

Set forth below are the monthly business and expenses expressed in Hong Kong dollars covering our operations for eleven months of the fiscal year of 1949:

MONTH		PLAYED & EARNED	CORP. INC. OTHER INCOME	TOTAL EXP. (INC. TAXES)	PROFIT or LOSS
Nov. 1948	HK$	17,009	7,456	5,335	2,121
Dec.	(5 wks.)	17,754	8,140	6,793	1,347
Jan. 1949		3,733	1,272	6,794	5,522 —
Feb.		2,919	1,295	4,234	2,939 —
Mar.	(5 wks.)	5,522	2,323	7,805	5,482 —
April		6,521	2,888	2,961	73 —
May		3,187	1,258	2,972	1,714 —
June	(5 wks.)	20,217	8,581	4,221	4,360
July		14,451	7,958	3,483	4,475
Aug.		13,164	5,641	3,723	1,918
Sept.	(5 wks.)	12,555	5,397	4,965	432
Oct.		15,766	6,681	3,724	2,957
	TOTAL:	132,798	58,890	57,010	1,880

At the time the Communists over-ran China Proper, the business in Hong Kong suffered considerably because of the uncertain situation at that time. This has now more or less stabilized itself and business is again reaching some degree of normalcy. Reports from influential people indicate that the Communists will not make any move in the immediate future towards absorbing Hong Kong.

Our operations in the Hong Kong territory have since June improved materially with the release of our newer product and we can look forward towards a profitable new fiscal year.

The business for the first month of the new fiscal year, namely November, indicates the following:

	PLAYED & EARNED	CORP. INC. OTHER INCOME	TOTAL EXP. (INC. TAXES)	PROFIT or LOSS
November 1949	19,935	9,349	3,873	4,476

The Hong Kong branch operates in the cities of Hong Kong and Macao. Our

premises in Hong Kong are on a month-to-month basis for a rental of HK$200 monthly. We are protected under the existing tenancy laws, which our attorneys advise us will be in effect for sometime to come.

The Crown Colony of Hong Kong permits transfers of Hong Kong dollars and our earnings are periodically remitted. We have recently concluded a very satisfactory releasing deal of our newer pictures and are shipping prints of these pictures to Hong Kong for distribution.

There is no immediate problem insofar as our Hong Kong operations are concerned and since we enjoy a profitable operation and producers are receiving their shares in dollars, the logical step is to continue our direct operations.

With respect to China Proper, we formally operated a distribution unit in Shanghai with various branches throughout the country. Prior to the Communists taking over the country, we moved as many prints as possible into Hong Kong and other free areas and destroyed as many as we could gain access too. Some of our prints unfortunately could not be physically located and these are now in Shanghai and other Communistic controlled areas and are being distributed. We have registered this with our State Department, who advise us they can offer no assistance whatsoever. Our producers have been advised that the United Artists can assume no responsibility in view of this force-majeur condition. Our employees in the territory refuse to follow our instructions regarding destruction of the prints maintaining that under the Communistic decree prints must be continued to be serviced in order to obtain necessary funds for the payment of their salaries.

There is a strict censorship on all mail and what meager information we have been able to obtain has been without value. The Chinese national dollar has spiraled out of all proportion. The latest quotation we learned of being JM$ 4,200 to 1 US$. The history of Shanghai inflation is:

Aug. 1948	-	CN$ 3,000,000	to	1	GY$
July 1949	-	GY$ 100,000	to	1	JM$

There is absolutely nothing we can do further with respect to our China operations and other American companies find themselves in much the same position.

The slight ray of hope is the recent stiffening attitude on the part of our Government and the probability of some assistance to the Chinese Nationalists but this undoubtedly will be a long drawn out matter.

My recommendations are that we continue as heretofore with respect to our distribution in Hong Kong and Macao maintaining a position of "wait and see" regarding China Proper.

SWEDEN

Set forth below are the monthly business and expenses, expressed in Swedish Kronen, covering our operations for the fiscal year 1949:

- SWEDEN - 1949

Month		Played & Earned	Corporation Share Inc. Other Income	Total Expenses (Incl. Taxes)	Profit or Loss
December '48 (3 wks.)	Kr.	47,471	19,309	16,787	2,522
January '49		27,166	3,862	14,858	10,996 —
February		27,015	8,342	15,518	7,176 —
March (5 wks.)		19,511	6,630	16,566	9,936 —
April		33,882	6,779	17,980	11,201 —
May		24,143	9,286	15,678	6,392 —
June (5wks.)		20,635	11,242	17,919	6,677 —
July		5,469	1,252	13,731	12,479 —
August		16,285	5,835	14,371	8,536 —
September (5 wks.)		38,441	13,229	17,050	3,821 —
October		41,320	14,179	16,890	2,711 —
November		43,759	14,983	16,465	1,482 —
Total:	Kr.	330,997	114,928	193,813	78,885 —

We feel that we have checked the severe losses of the Swedish unit and are hopeful that the new fiscal year will show a profitable operation now that some of the more important pictures are going into distribution. The delay in these pictures reaching the Swedish unit was caused by transportation and Swedish titling work.

The Swedish Treasury have frozen all Swedish Kronen in the territory which has brought about severe pressure on the part of the producers for dollar outright sales covering their pictures. Wherever possible we have tried to block such arrangements to keep the important pictures for our Swedish subsidiary. To overcome the producers' pressure, we have in some cases insisted upon an increase in our commission covering outright sales where producers insist pictures be sold away from our distribution. Several producers have accepted such increased commission since the dollar deals were so important because of their dollar problem. A good portion of our operational losses in the territory was caused by some of the important pictures being sold for dollars away from our distribution. As long

as the Swedish government refuse to permit dollar transfers we will have this producer problem. During 1949 the industry developed a compensation kronen deal at 20¢ per kronen; however, difficulty in the finalization of this came up because of the Swedish Treasury's opposition to any and all kinds of compensation deals. The industry now has under advisement a firm offer of 20,000,000 kronen at approximately 14½¢ per kronen. The discount in the dollar comparison is of course due to the recent devaluation. We understand this deal has official governmental sanction being a ship building proposal and it may be that it will materialize. We are canvassing the producers and loaning institutions for approval covering a participation. We operate one office at Stockholm and our leasing arrangements are as follows:

Rent 7,000 kronen yearly. Lease expires October, 1950, renewable yearly. Vault rent 5,200 kronen yearly. Expires October, 1950, also renewable yearly.

We have recently appointed a new manager, Folke Bjorkholm, who officially commences January 1st. The former manager has been very unsatisfactory for several years but we have been unable up to now to work out a satisfactory severance arrangement with him. We recently worked out settlement of approximately 1/2 his previous demands.

We believe our Swedish unit will be more competently handled under Mr. Bjorkholm, who is an extremely aggressive personality, which our former manager lacked completely. Under the former managership, many of our pictures were improperly placed with the exhibitors and many of them were not at all released, principally due to his long association with the company over some 28 years he had become the tool of the exhibitor.

The gold reserves in Sweden are at their lowest structure and financial experts therefore feel that there can be no immediate relief or lifting of the dollar restrictions. The prevailing opinion is that principally because of Sweden's natural resources the country will return to some degree of normalcy but not before a period of 4 years.

Since we believe we have finally checked our losses in the territory and inasmuch as we have the utmost confidence in the new manager, it is my recommendations that we make no drastic changes of our Swedish unit at this time. In the event after 6 months' operation it appears conclusive that direct operations are again headed for severe losses, then serious consideration should be given at that time (May) to closing down and establishing a licensee. There are several good Swedish distributors who it is believed would be interested in taking over a licensee but there is the very important Employees' Severance Liability of 224,686 kronen, equal to approximately $43,400 that must be considered. I do not believe that any Swedish distributor would assume this liability.

In addition to the Severance Liability as stated above, there is the liability to the producers in addition to their contingent liabilities. The Swedish Balance Sheet as at October 1, 1949, indicates the following:

(See next page)

Balance Sheet As At October 1, 1949

ASSETS

Cash			Kr. 573,086.55	
Advances & Deposits			180.-	
Accounts Receivable			57,466.21	
Producers	Kr.	23,796.48		
Exhibitors		33,271.41		
Miscellaneous		398.32		
Accessories-(less Amortization)			13,236.16	
Furniture & Fixtures		1,673.76		
Less Reserve for Depreciation		1,257.96	415.80	
Deferred charges			1,265.89	
TOTAL ASSETS -				Kr. 645,650.71

LIABILITIES AND CAPITAL

Owing to Producers	Kr.	588,986.37	
A/C Payable and Accrued Expenses		6,675.60	
A/C Payable - U.A. Export Ltd. - £1.949.42		28,244.02	
U.A. Franchise Fee		21,784.17	
U.A.-N.Y. Purchase A/C $53,873.03 —		278,792.33 —	
Advance Payments for Film Service		1,380.35	
TOTAL LIABILITIES -			358,178.58
CAPITAL			
Capital		250,000.	
Statutory Reserve		31,000.	
Deficit		3,527.87 —	
NET CAPITAL & RESERVES -			277,472.13
TOTAL LIABILITIES AND CAPITAL -			Kr. 645,650.71

The normal distribution fee we charge for distribution in Sweden is 37½% with the exception of the so-called favored nation producers of 25%. Similar to everywhere else, Swedish economy during the past years, has been hard hit and living costs in thecountry have been materially increased. Our operational costs increased with this living cost rise without any proportionate increase in distribution fee. It naturally follows that our producers are receiving an extremely cheap distribution fee in this expensive territory and I recommend that all future producer contracts should be increased to 42½%, which would be more in line with present day conditions.

AUSTRALASIA

Set forth below is the monthly business and expenses, expressed in Australian and New Zealand Pounds covering the operations for the fiscal year of 1949:

- AUSTRALIA - 1949

Month	Played & Earned	Corporation Share Inc. Other Income	Total Expenses (Incl. Taxes)	Profit or Loss
November 1948	£ 5,311	2,081	3,457	1,376 –
December 1948(5 wks.)	5,405	2,062	4,071	2,009 –
January 1949	3,860	1,508	3,369	1,861 –
February	7,921	3,623	3,284	339
March (5 wks.)	8,223	3,051	4,266	1,215 –
April	9,269	3,123	3,354	231 –
May	8,327	3,004	3,675	671 –
June (5 wks.)	11,612	4,306	4,631	325 –
July	9,011	3,294	3,828	534 –
August	7,896	2,857	3,787	930 –
September (5 wks.)	11,252	3,992	4,755	763 –
October	10,292	3,693	3,587	106
Total:	£ 98,379	36,593	46,064	9,470 –

- NEW ZEALAND - 1949

Month	Played & Earned	Corporation Share Inc. Other Income	Total Expenses (Incl. Taxes)	Profit or Loss
November 1948	£ 996	380	774	394 –
December 1948 (5 wks.)	1,467	558	873	315 –
January 1949	1,500	528	760	232 –
February	969	961	833	128
March (5 wks.)	1,917	697	1,163	466 –
April	1,280	491	760	269 –
May	1,129	437	698	261 –
June (5 wks.)	3,031	971	1,186	215 –
July	1,725	604	827	223 –
August	1,362	474	792	318 –
September (5 wks.)	1,569	557	900	343 –
October	1,183	432	786	354 –
Total:	£ 18,128	7,090	10,352	3,262 –

For fiscal reasons, the accounts of New Zealand are maintained separately but Sydney is the head office for Australasia. The Australian Pound is currently valued at $2.23, while the New Zealand Pound is pegged at $2.75.

We maintain five branch offices in addition to the Sydney Head Office and Film Vaults in Auckland. The lease details are set out below:

AUSTRALASIA	Expiration	Rental
Sydney	Monthly	£ 78- 4- 0 Monthly
" Vaults	"	7- 15- 0 Monthly
Adelaide	Quarterly	15- 3- 4 Monthly
Brisbane	Monthly	26- 9- 5 Monthly
Melbourne	Weekly	9- 10- 0 Weekly
Perth	Quarterly	17- 6- 8 Monthly
Wellington	Weekly	12- 0- 0 Weekly
Auckland	Weekly Vaults	8- 13- 4 Monthly

The territory is under the general managership of Clive Arnott of Australia, who has been with us many years.

Grosses in the territory have fallen off considerably since the post-war boom and such falling off of business had a direct effect upon our operations. Aside from the general falling off of business, however, a very serious reason, accountable for our current losses, is the very cheap distribution fee provided under our producers' contracts. We charge producers an average of 37½% for distribution with the exception of those favored nation producers where the fee is 25%.

In former years, the Australasian distribution fee was 50%, but this was modified prior to the war for the purpose of making our distribution more attractive for the producers. A study of the statistics for the years 1934 to 1949 outlined in Schedule "A" attached will illustrate the reduction in the corporation share of business brought about by such reduced distribution fees.

It is my recommendation that the distribution charge in all new producers' contracts be outlined as 42½%, which distribution cost is more in line with present-day conditions.

It is my further recommendation that the Board authorize our working out an arrangement with producers of those pictures presently being distributed calling for an increase of 5% in distribution fee, effective the 1st of the year. The present 37½% fee is a throw-back to the early '30s and completely outmoded under present salary and overhead costs for this territory.

The Australian Government has placed a restriction on the transfer of dollars whereunder they allow, approximately, 50% of the producers' shares converted into dollars. The remaining 50% must remain in the territory, but can be utilized for the investment in Government Bonds. Some of our producers have subscribed to this means of local investment.

There are presently no restrictions on the transfer of New Zealand Pounds into dollars.

Immediately Great Britain devaluated Sterling, both the Australian and New Zealand Governments followed suit by a similar 30% devaluation in their currencies.

During the fiscal year just ended, our Australasian unit was handicapped to a certain extent by the late arrival of some of our important grossing pictures. In addition, we had a difficult booking problem in New Zealand which has now been overcome. Because of transportation and printing delays, (prints are made in Australia to avoid severe duty costs) there is approximately a six months' period in the release after the delivery of the negative in New York. Another condition responsible for the delay in getting pictures into the territory is the fact that we use the Canadian dupe negative for Australia which only becomes available after the Canadian prints.

CHILE

Outlined below, expressed in Chilean Pesos, is the operations for the fiscal year of 1949. The figures for the month of November have not as yet been received.

- CHILE - 1949 -

Month	Played & Earned	Corp. Share Inc. Other Income	Total Exp. (Inc. Taxes)	Profit or Loss
Dec. 1948 (5 wks.)	Ps. 252,765	255,598	256,029	431 —
Jan. 1949	124,900	55,476	425,290	369,814 —
Feb.	131,344	59,866	174,191	114,325 —
Mar. (5 wks.)	305,434	137,686	272,727	135,041 —
April	347,328	149,981	261,293	111,312 —
May	278,578	103,943	204,588	100,645 —
June (5 wks.)	517,092	286,930	367,477	80,547 —
July	650,663	331,154	263,174	67,980
Aug. (ESPERANZA Ps.240,000)	649,182	257,808	265,873	8,065 —
Sept. (5 wks.)	499,188	214,236	280,054	65,818 —
Oct.	472,388	206,451	255,805	49,354 —
Nov.				
Total:	4,228,862	2,059,129	3,026,501	967,372 —

It is expected that this unit will, during the early part of the next fiscal year, show a profitable operation. We have, for some months, been experiencing a difficult booking congestion which we have now satisfactorily overcome. There is an accumulation of several of our top grossing pictures unreleased and, with early dates secured on these pictures, it is hoped the unit will roll up sufficient grosses to enjoy a profitable operation.

The profit position shown for the month of July above was brought about by our obtaining three release dates during that month in addition to the booking of CAESAR AND CLEOPATRA in the North Zone of Chile.

All Chilean Pesos are blocked under governmental control, but the Treasury does assign a dollar quota to the picture industry. Each company receives its prorated share of this quota under an agreed upon formula. Prints are shipped into the country

at an inflated cost and through this medium, it is possible to obtain some dollars representing the increase over actual print costs.

In addition to the Head Office in Santiago, we have branches in Valparaiso and Concepcion which cover the country. Details of our leasing arrangements are as follows:

	Expires	Rental
Santiago	Monthly	Ch.Ps. 4626 monthly
" Vault	Indefinite	2000 "
Valparaiso	Indefinite	1133 monthly
Concepcion	Indefinite	2000 monthly

The territory is under the managership of Alfredo Binder, a Chilean, who has been with us a good many years. Chile, like other Latin American countries, is governed by severe social legislation. There are compulsory bonuses that must be given to the employees under which they receive 20% of the profits. If a company does not operate at a profit, nevertheless, gratuities must be given employees on the basis of 3 months' salary with a top salary of Ps. 2000 monthly. This is regulated under law and there is nothing an american company can do about it. In addition, salaries are compulsorily increased periodically which brings about an expensive overhead operation.

Our normal distribution terms for the territory is 50% with the exception of the so-called favored producers, at 25%. However, even at 50% distribution, it is difficult to operate profitably unless the unit is fortunate enough to have eight or ten important grossing pictures to build up volume. We recently took on a Chilean picture for distribution, namely, ESPERANZA, and contributed in the financing. The purpose was to open up the interior accounts for our pictures and, more importantly, to unfreeze some of the blocked Chilean Pesos through the medium of earnings in hard-currency countries.

My recommendations with respect to the Chilean unit is to proceed as heretofore during the next fiscal year, keeping a close watch on local conditions since, I am of the

opinion, the unit can and will register a profit during the next fiscal year unless further restrictive local measures are placed upon the American producers.

STRAITS SETTLEMENTS

Set forth below, expressed in Singapore dollars, is the monthly business and expenses of our Singapore office in addition to our Siam Agency, expressed in Ticals:

- SINGAPORE - 1949 -

Month	Played & Earned	Corp. Share Inc. Other Income	Total Exp. (Inc. Taxes)	Profit or Loss
November 1948	S$ 9,222	3,98[illegible]	5,501	1,518 —
December 1948 (5 wks.)	11,180	4,513	7,336	2,823 —
January 1949	7,555	2,249	7,802	5,553 —
February	17,686	5,668	[illegible],285	383
March (5 wks.)	19,776	7,500	9,[illegible]58	2,058 —
April	16,752	7,700	6,2[illegible]	1,410
May	14,080	5,494	5,815	321 —
June (5 wks.)	12,981	5,466	7,321	1,855 —
July	10,265	5,007	5,161	154 —
August (5 wks.)	13,380	5,355	7,648	2,293 —
September	24,368	9,420	5,546	3,874
October	13,983	5,578	6,012	434 —
TOTAL:	S$ 171,228	67,933	79,275	11,342 —

- SIAM - 1949 -

Month	Played & Earned	Corp. Share Inc. Other Income	Total Exp. (Inc. Taxes)	Profit or Loss
November 1948 (Ticals)	4,725	2,493	746	1,747
December (5 wks.)	11,998	4,152	2,459	1,693
January 1949	1,003	691	231	460
February	1,500	769	330	439
March (5 wks.)	1,350	870	295	575
April	-o-	-o-	-o-	-o-
May	-o-	-o-	-o-	-o-
June (5 wks.)	-o-	-o-	-o-	-o-
July	-o-	-o-	-o-	-o-
August	-o-	-o-	-o-	-o-
September (5 wks.)	8,883	3,678	1,802	1,876
October	7,971	3,388	1,634	1,754
TOTAL:	37,430	16,041	7,497	8,544

We operate an office in Singapore under a lease which expires August 31, 1950 at a monthly rental of S$400. We sublet part of our vault space to Columbia for S$100. For the territory of Siam, we operate through an agent on a 20% arrangement. There is very little motion picture business available in Siam and only the outstanding motion pictures receive any substantial revenue. The inactivity in Siam, above indicated, during a five-month period, was caused by the delay in shipping prints into Bangkok and a delay in finalizing a satisfactory new agent's agreement. The Singapore print is utilized for Siam, after it finishes its Straits Settlements engagements.

Motion picture distribution in Singapore is a difficult market since the majority of theatres are owned and controlled by the Shaw Brothers. This, in effect, is a monopoly controlled by the Shaws who own and control the majority of theatres throughout the Peninsula. It is a question of taking what the Shaws offer or staying out.

It appears, however, that we have curtailed our losses in the territory during the new fiscal year and the first month indicates the following:

SINGAPORE - Fiscal Year Starting November, 1949

Month	Played & Earned	Corp. Share Inc. Other Income	Total Exp. (Inc. Taxes)	Profit or Loss
November 1949	15,781	6,243	5,417	826

Whether we can maintain this profitable operation during the entire fiscal year remains to be seen and would, of course, depend upon the type of pictures we are able to import into the territory.

There is an extremely strict censorship in Singapore and any films depicting any gun-play, crime or controversial pictures which might affect the natives, are completely banned or drastically cut.

The Singapore dollars are presently free and remittable, although the Siam ticals are frozen. It is possible, and we have been successful in the past, in arranging

semi-legal transfers of ticals for our producers. These transfers, although allowed by the Siamese Government, are unofficial.

My recommendations in connection with this territory is to continue our direct operations for a short period during the new fiscal year. If it appears, after several months' operation, our unit continues to incur losses, then steps should be taken to close our direct operation and establish a licensee. Severance pay due employees in this territory is not severe and would amount to, approximately, S$2481 or in U. S. dollars at the rate of .3250, approximately, $806. There are no important outstanding contingent liabilities and producers' shares are being paid regularly. The reason a native or local distributor can operate profitably on the same distribution terms is because such local distributors receive more favorable treatment with respect to censorship, taxes, etc., than we. Additionally, a local or native distributor might handle three or four companies' product and, therefore, can build up the necessary volume permitting them to operate at a profit on 40% distribution charge, which is all we are allowed.

PERU and BOLIVIA

Set forth below is the monthly business and expenses, expressed in Peruvian Soles covering the operations for the fiscal year 1949:

Month			Played & Earned	Corp. Share Inc. Other Income	Total Expenses (Incl. Taxes)	Profit or Loss
Dec. 1948	(5 wks.)	Soles	17,637	6,205	21,118	14,913 —
Jan. 1949			37,819	14,976	12,934	2,042
Feb.			35,982	15,049	22,865	7,816 —
March	(5 wks.)		21,297	9,780	21,022	11,242 —
April			12,240	5,458	19,920	14,462 —
May			17,314	6,486	15,599	9,113 —
June	(5 wks.)		38,581	17,104	21,012	3,908 —
July			35,094	16,515	16,835	320 —
August			27,694	12,713	28,655	15,942 —
Sept.	(5 wks.)		50,025	21,740	20,567	1,173
Oct.	(Record High.)		106,824	46,732	15,835	30,897
Nov.	(Kelly Drive.)		78,882	34,437	18,889	15,548
	Total:	Soles	479,389	207,195	235,251	28,056 —

It will be noted from the above that Peru similarly to other foreign units suffered a lean period in the early part of the year due to the absence of releasing any of our important pictures. This condition, however, has corrected itself for the past 3 months due to the release of AFRICA SCREAMS, CHAMPION and the other important pictures which only recently reached the territory because of the superimposing delays.

The Peruvian unit should show a profitable operation during the next fiscal year providing some important pictures are delivered to the corporation for the latter half of 1950. For the first several months of the fiscal year, we will be able to maintain our grosses through the release and distribution of HOME OF THE BRAVE, BLACK MAGIC, etc.

We operate a direct distribution point in Lima covering the territory and our leasing arrangements are as follows: The office rent is 750 Soles per month and the lease expires October 31, 1951.

The office is under the managership of Leon Nebel, a Peruvian, who has been with us for many years. It is felt that the territory does not necessarily require an American as manager and a dollar saving is involved by employing a Peruvian.

The Peruvian government permits approximately 50% of producers' shares to be remitted into dollars.

Bolivia is visited once a year by our Peruvian Manager and an outright sale is negotiated. The Peruvian prints are used after they complete their servicing in Peru. There are severe dollar restrictions in Bolivia which makes it extremely difficult to conclude an attractive dollar outright sale.

My recommendations are that we continue as heretofore in this territory since with the accumulation of product we have in the territory we are insured of a profitable operation at least for the first portion of the new fiscal year. The latter half of the year will, as in the case of many other foreign territories, depend upon the quality of the newer pictures delivered to the corporation.

BRAZIL

Set forth below is the monthly business and expenses expressed in Brazilian Cruzeiros covering our operations for the fiscal year of 1949. The figures for November have not as yet been received.

- BRAZIL - 1949

Month	Played & Earned	Corporation Share Inc. Other Income	Total Expenses (Incl. Taxes)	Profit or Loss —
December 1948(5 wks.)	869,502	375,617	375,164	453 —
January (1949)	462,435	207,424	231,590	24,166 —
February	523,379	202,169	376,294	174,125 —
March (5 wks.)	750,502	340,649	436,662	96,013 —
April	349,302	148,940	316,886	167,946 —
May	792,873	327,282	437,981	110,699 —
June (5 wks.)	615,268	303,493	440,996	137,503 —
July	466,387	224,564	326,296	101,732 —
August	395,261	147,356	350,051	202,695 —
September (5 wks.)	631,216	239,122	547,302	308,180 —
October	535,550	220,082	414,003	193,921 —
November				
Total:	6,391,675	2,736,698	4,253,225	1,516,527 —

The severe losses sustained by our Brazilian unit was fully caused by a severe local releasing and circuit problem we have been confronted with which, happily, we have now licked. For the past fifteen months, we have been unable to work out a releasing and circuit deal with the Ribeiro interests in Rio de Janeiro. Mr. Ribeiro owns and controls some ten releasing theatres in Rio in addition to forty-one circuit houses. Additionally, Ribeiro practically controls the neighborhood theatres in the city of Recife and the towns of Belem, Belo Horizonte, Juiz de Fora and Fortaleza. As mentioned previously, we could not get together with Ribeiro and some months ago, in order to force the issue, took a very drastic step in completely breaking away be developing one independent releasing theatre tied in with four independent neighborhood houses. I am happy to report

that our actions in this respect had the desired effect of forcing Ribeiro to again open negotiations with us and we have now signed a contract for all our available pictures in all of Ribeiro's houses.

The pictures are now being dated two and three per month, commencing with November. An analysis of the unreleased pictures presently in the territory, in addition to those slated for early arrival, as outlined in Exhibit "B", will indicate the quantity and quality of the product that will now go into distribution in the territory.

Similarly, in the city of Sao Paulo, we have been fighting for a satisfactory contract for the past eleven months and, through similar drastic action as we employed in Rio, we have been able to force through a satisfactory contract for 1950 playing. Pictures are being dated in Sao Paulo commencing October and with the important pictures slated for distribution, the Brazilian unit should show a profitable operation for the new fiscal year.

We operate eight offices and an agency in Rio Preto, in addition to the Head Office in Rio, throughout the territory. Our leasing arrangements are as stated hereunder:

Rio de Janeiro	Monthly	Crs. 4627,30	Monthly
Belo Horizonte	Monthly	2210	Monthly
Botucatu	1-31-50 Yearly renewal unless 30 days' notice	600	Monthly
Curityba	4-30-50 Yearly renewal unless 30 days' notice	596,50	Monthly
Porto Alegre	Monthly	1003	Monthly
Recife	Monthly	600	Monthly
Bahia	Monthly	616	Monthly
Sao Paulo	Monthly	2633,20	Monthly
Ribeirao Preto	9-30-50 Yearly renewal unless 30 days' notice	1500	Monthly

Brazilian cruzeiros are transferrable into dollars under specific licenses. There is, however, a great delay in the Brazilian Treasury authorizing these licenses after the applications have been approved. Heretofore, this has involved, approximately ten months' delay in receiving the dollars in New York for any specific period.

American motion pictures must be titled into Brazilian, which works out an approximate sixty-day delay before the prints can be put into condition for distribution in the country, but, since we now are in a position of having an accumulation of pictures in the territory, this superimposing delay will work no hardship on us, nor will it interfere with the steady monthly volume, insuring monthly profits.

The territory has very severe social legislation and we are forced to periodically increase salaries, which tends to increase our operating overhead, but sufficient volume of business can be maintained providing the unit receives a steady flow of important pictures. Our liabilities in connection with employees' severance settlement is extremely severe, amounting to, approximately, Cr$ 3.715.686, equivalent to, approximately $185,784.

My recommendations are that we continue as heretofore since with the accumulation of available product in the territory, and the newer pictures which will shortly go forward, there is no question that the Brazilian unit can maintain a sufficient volume during the next fiscal year to insure a healthy operation.

PHILIPPINE ISLANDS

Set forth below are the monthly business and expenses, expressed in Philippine Pesos covering our operations for the fiscal year 1949:

Month		Played & Earned	Corporation inc. Other Income	Total Expenses (Inc. Taxes)	Profit or Loss —
November 1948	Ps.	50,175	15,814	8,738	7,076
December (5Wks.)		41,284	17,426	10,677	6,749
January		23,701	7,025	4,839	2,186
February		13,069	5,004	7,336	2,332 —
March (5 wks.)		24,045	9,210	7,684	1,526
April		20,336	7,302	6,968	334
May		14,080	8,548	7,768	780
June (5 wks.)		46,877	17,701	17,069	632
July		29,671	11,817	7,412	4,405
August		50,553	20,089	5,939	14,150
September (5 wks.)		49,341	18,933	5,360	13,573
October		22,166	8,606	4,714	3,892
TOTAL -	Ps.	385,298	147,475	94,504	52,971

Although theatre receipts have fallen off considerably since the post-war boom, the Philippine Islands still represent an extremely lucrative territory insofar as American motion pictures are concerned. Living costs have increased considerably since the war which has had a direct effect on an increase of our overhead, nevertheless a profitable operation is still possible in the territory in view of the big business pictures can do.

Included in the above expense figures is an extraordinary non-recurring expenditure of transporting our former manager and his family from Manila to New York. A change has been made in the managership appointing the former assistant as temporary manager. This move was made because our former manager was receiving a salary in excess of what the territory was worth and he refused to take any adjustment. It is felt that the present operations in the Philippines can carry on indefinitely under the temporary manager and no immediate change is contemplated.

The first month of the new fiscal year continues in a profitable operation as reflected below:

Fiscal year starting November 1949

	Played & Earned	Corporation inc. Other Income	Total Expenses (Inc. Taxes)	Profit or Loss
November 1949	37,138	14,295	4,933	9,362

We operate one office in Manila and we have a lease expiring August 1, 1952, at a monthly rental of 600 Ps.

The Philippine Peso is presently transferable into American dollars but there have been recent indications that the Philippine Treasury will place certain dollar restrictions on motion picture earnings.

The Philippine Islands represent one of our most profitable operations and no changes in our distribution setup is of course contemplated.

CUBA

Set forth below is the monthly business and expenses, expressed in Cuban Pesos of our operations for the fiscal year 1949:

Month	Played & Earned	Corporation Share Inc. Other Income	Total Expenses (Inc. Taxes)	Profit or Loss —
December 1948 (5 wks.)	Ps. 7,299	2,652	6,258	3,606 —
January 1949	13,594	4,178	4,766	588 —
February	6,905	2,447	4,293	1,846 —
March (5 wks.)	6,556	2,544	5,586	3,042 —
April	7,236	2,978	5,442	2,464 —
May	6,076	2,442	4,691	2,249 —
June (5 wks.)	8,756	3,433	5,959	2,526 —
July	10,921	4,248	5,412	1,164 —
August	7,987	3,268	4,878	1,610 —
September (5 wks.)	8,904	3,507	5,333	1,826 —
October	7,291	2,786	4,557	1,771 —
November	4,628	1,800	4,063	2,263 —
Total:	Ps.96,153	36,283	61,238	24,955 —

The above losses, admittedly very serious, do not, however, reflect the proper operations for the fiscal year just past. We have for the past 10 months experienced a terrific battle in connection with obtaining an adequate Havana representation. Several first-run theatres were available to us but by playing such houses the net result would have been our exclusion from all of the Havana neighborhood theatres where the important revenue is obtained. We, several months ago, were successful in working out a contract with the Alvarez Circuit, controlling 7 release theatres and 11 neighborhood houses. Unfortunately, however, this circuit was booked solidly with the Paramount and Metro product and we could not force through datings until December. The position in the future is considerably optimistic since we have been able to work out 3 release dates every two months through this circuit and are now negotiating a deal with the opposition circuit calling for 4 pictures every 2 months. This will give us 7 releases every 2 months and will in effect maintain our volume in order to enable us to break even.

We maintain one office in Havana. Our present arrangements are $75. Per month on a month to month basis with insurance of $104. per year. Because of a city ordinance, all American companies are required to move out of the city proper, which would entail a capital expenditure of over $14,500. and $304. per month thereafter. We are working on a solution to this problem and believe we might be successful in overcoming it by shipping future prints in acetate stock with the present prints in the territory being stored in vaults outside of the city. The directors previously approved the new leasing arrangement but it was felt that if the expenditure could be avoided, it should be done.

There are presently no restrictions, the Cuban Pesos being freely converted into dollars. Our regular distribution fee for Cuba is 40%, with the exception of the favored producers. This distribution charge is a throw-back of some 20 years at the time when Cuba was considered a domestic territory under our old producers' contracts. In fact, this goes back to the inception of the company. Living costs in Cuba, like everywhere else have spiralled upward, causing our overhead to likewise increase. It is felt that even with important product the Cuban unit cannot operate and show sufficient profit for the corporation unless the present distribution terms are modified to meet present cost conditions.

It is my recommendation that the Board of Directors approve a 50% distribution fee on all future contracts and authorize the Foreign Dept. to canvass producers of present pictures under distribution towards an increase of 10% in their fee. Unless the outmoded 40% distribution fee is increased to meet present day conditions, the Cuban unit cannot show a healthy profit for the corporation.

SOUTH AFRICA

Set forth below, expressed in South African Pounds, is the monthly business and expenses covering the fiscal year of 1949. The figures for October and November have not as yet been received:

- SOUTH AFRICA - 1949

Month	Played & Earned	Corporation Share Inc. Other Income	Total Expenses (Incl. Taxes)	Profit or Loss —
November 1948 £	3,240	1,237	1,001	236
December 1948(5 wks.)	3,616	1,507	1,691	184 —
January 1949	3,390	30	1,090	1,060 —
February	2,183	138	1,079	941 —
March (5 wks.)	2,922	696	1,924	1,228 —
April	2,564	756 —	1,516	2,272 —
May	2,474	950	1,369	419 —
June (5 wks.)	5,037	1,855	613(prts) 1,412	170 —
July	4,068	1,120	916(prts) 1,33>	1,129 —
August	2,295	870	883 883(prts) —	870
September (5wks.)	3,544	1,470	1,300	170
Total: £	35,333	9,117	15,244	6,127 —

It will be noted from the above that for the months of August and September, the unit operated at a profit. This, however, is only because of adjustments in expenses. We must recognize that this unit will continue to operate at a loss until such time as we have developed sufficient releasing outlets in the territory as explained in the earlier part of this report.

We operate one office out of Johannesburg at a rental of £100 monthly, under a lease expiring upon three months' notice.

The South African Treasury have placed restrictions on the transfer of dollars and under the regulation, we will receive, approximately, 50% of the producers' shares. The remaining 50% must remain blocked in South Africa.

We have no shortage-of-product problem in South Africa, as the schedule of unreleased pictures, outlined in Exhibit "B", will indicate. A year ago, we acquired the distribution rights in South Africa covering a group of Monogram pictures. This move was made in order to bolster our available pictures for the territory in view of the freeze-out given us by Twentieth Century-Fox. Without sufficient pictures, it would have been an impossibility to encourage or promote theatre reconversions since before incurring important investments, exhibitors would, naturally, have to be assured of sufficient product.

My recommendations with respect to operations in this territory are contained in the earlier part of this report.

PUERTO RICO

Set forth below is the monthly business and expenses, expressed in US Dollars covering the operations for the fiscal year 1949:

Month		Played & Earned	Corp. Share Inc. Other Income	Total Exp. (Incl. taxes)	Profit or Loss
Dec. 1948	(5 wks.)	$ 5,421.	2,126.	3,513.	1,388. —
Jan. 1949		7,237.	2,570.	2,413.	157.
Feb.		6,527.	2,181.	2,878.	697. —
Mar.	(5 wks.)	6,030.	2,524.	3,018.	494. —
April		5,279.	1,915.	2,521.	606. —
May		3,689.	1,407.	3,090.	1,683. —
June	(5 wks.)	6,333.	2,289.	3,336.	1,047. —
July		5,545.	2,168.	2,085.	83.
Aug.		5,345.	1,813.	2,914.	1,101. —
Sept.	(5 wks.)	5,908.	2,168.	1,988.	180.
Oct.		7,360.	2,705.	2,739.	34. —
Nov.		8,495.	3,125.	1,442.	1,683.
	Total -	$ 73,169.	26,990.	31,937.	4,947. —

The above losses for our fiscal year can be directly attributed to the very low distribution charge under our producer contracts. We receive 40% for distribution with the exception of the favored producers where the rate is 25%. This distribution fee is a throw-back to the old days and has been in effect since the inception of the company and is completely outmoded based on present day conditions. Living costs in Puerto Rico have constantly increased during the past several years and our operating overhead has likewise increased tremendously. There is a very limited potentiality motion picture wise from the Island and with a volume ceiling it is an impossibility to operate profitably at only 40% terms.

We operate one exchange in San Juan under the managership of Jack Odell. Our leasing arrangements are as follows: The office rent is $900. per month and the lease expires August 10, 1951. The San Juan Office handles the Islands of Santa Domingo, Curacao and Aruba in addition to Puerto Rico.

There is no difficulty in transmitting dollars covering the producers' shares since Puerto Rico is a U. S. Possession.

A study of the monthly business outlined above will indicate that even with the important pictures we placed into distribution during the latter half of the year, such as AFRICA SCREAMS, CHAMPION, HOME OF THE BRAVE, etc., the unit cannot maintain sufficient volume to create a healthy operational profit. Our expenses have been reduced to a minimum and in fact we are operating on a skeleton staff indicating that no further curtailments can be possible without interfering with the efficiency of the unit.

My recommendations in connection with this unit are that the Board of Directors authorize an increase in the distribution fee covering our new contracts to 50%, which charge is more in line with present day conditions. I would recommend that the Board also authorize the Foreign Dept. to canvass our existing producers covering those pictures presently in distribution for an increase of 10% in our fee. Unless we obtain an increase in our distribution percentage, the unit cannot operate with any degree of profits even if we are successful in delivering important pictures in view of the limited revenue that can be obtained out of the territory the top which in effect we are now receiving.

COLOMBIA

Set forth below is the monthly business and expenses, expressed in Colombian Pesos, of our operations for the fiscal year of 1949:

- COLOMBIA - 1949 -

Month		Played & Earned	Corp. Share Inc. Other Income	Total Exp. (Inc. Taxes)	Profit or Loss
Dec. 1948	(5 wks.) Ps.	6,847	3,160	5,746	2,586 —
Jan. 1949		11,588	5,440	5,724	284 —
Feb.		10,208	5,055	3,807	1,248 —
Mar.	(5 wks.)	9,184	5,048	5,000	7,045 —
April		9,750	4,973	7,093	
May		7,341	3,429	4,945	28
June	(5 wks.)	18,073	8,502	4,190	761 —
July		19,248	8,092	5,204	3,298
Aug.	(5 wks.)	16,188	7,548	4,546	3,546
Sept.		10,657	5,157	5,009	2,539
Oct.		18,061	8,450	5,143	14
Nov.				4,442	4,008
	Total: Ps.	137,145	64,854	60,849	4,005

The November figures have not as yet been received.

Similar to other offices, Colombia experienced a certain lean period during the early part of the year until our more important pictures were made available in the territory. Since Spanish superimposed prints are used, a normal delay of six to eight weeks is entailed in getting prints into the area.

Included in the above figures is an extraordinary, non-recurring expenditure representing special fees to Price Waterhouse, which had to be incurred in transferring the books from Bogota to New York. This move was advisable since our experience has proven it is almost an impossibility to find adequate local accountants with sufficient experience and background to maintain our intricate producer accounts.

We operate a direct operational unit in Bogota in addition to three licensees in Cali, Barranquilla and Medellin. Our leasing arrangements in Bogota expires October 30, 1950 at a rental of Ps. 300 monthly.

There are monetary restrictions on the Colombian Peso and the Colombian Government has granted a remittance quota which will allow 100% remittance thru May 1949 remittable in small monthly installments. A survey of the unreleased and available pictures indicated in Exhibit "B" will indicate no problem during the next several months insofar as the quantity and importance of the available pictures are concerned. The position during the latter half of the next fiscal year will, like our other units, depend upon the importance and number of pictures that will be available for Bogota.

My recommendations in connection with our Colombia operations are that we continue as heretofore since we can be assured of a profitable operation during, at lease, the first several months of the new year when, because of the available and type of product, the unit can maintain its volume. For the latter half of the fiscal year, it will again depend upon the importance and number of pictures we can deliver.

CRISTOBAL

Set forth below is the monthly business and expenses, expressed in U. S. dollars, covering our operations for the fiscal year, 1949 in the Cristobal territory:

- CRISTOBAL - 1949

Month	Played & Earned	Corporation Share Inc. Other Income	Total Expenses (Incl. Taxes)	Profit or Loss —
December 1948 (5 wks.)	$ 12,633	5,344	8,493	3,149 —
January 1949	19,269	7,114	9,086	1,972 —
February	14,626	5,381	7,934	2,553 —
March (5 wks.)	13,861	6,009	6,721	712 —
April	10,937	4,376	6,141	1,765 —
May	12,663	4,102	7,633	3,531 —
		5,452	1,015 —	6,467
June (5 wks.)	20,953	1,703	1,829 —	3,532
		10,947	7,259	3,688
July	13,045	4,640	857 —	192 —
			5,689	
August	18,876	8,367	7,161	1,206
September (5 wks.)	25,765	10,822	8,788	2,034
October	16,783	6,961	6,344	617
November	28,229	11,882	8,156	3,726
	$207,640	93,100	85,704	7,396

Our exchange, located in Cristobal, supervises and services the undermentioned territories through sub-licenses with the exception of the Trinidad territory, where we maintain our own unit in Port-of-Spain:

Venezuela	Guatemala
Costa Rica	Salvador
Nicaragua	Honduras
Ecuador	British Honduras

Our Cristobal operations for many years has been a profitable one and, in fact, our profit for the fiscal year just passed would have been considerably greater had it not been for the unfortunate fire we experienced in December. This conflagration had the effect of giving us a very lean period during the early part of the year in view of the delay in getting replacement prints to Cristobal.

Our premises in the two direct operational points are under the following lease arrangements:

	Expires		Rental
Colon	9-30-52		$200 monthly
		plus	50 yearly insurance
		plus	24 yearly water tax
Port-of-Spain	3-31-51		$ 64 monthly

With respect to Trinidad, due to a recent fire ordinance, all of the American companies must move out of Port-of-Spain and a building is being presently contemplated for the housing of the American companies. Our contribution in this respect would amount to, approximately, $10,000, which has already been approved by the Directors. In order to overcome this capital investment and increased rental, we areworking on a plan whereby all future print shipments will be prints on acetate stock, which would then permit storage in theCity Proper. The Nitrate prints presently in the territory would be stored in vaults outside of the city in order to meet the new fire regulations. It is believed we might be able to work out this solution.

Some years ago, a licensee arrangement was made with our distributors in Venezuela but, unfortunately, the commission granted was prohibitive when taking into account our distribution fee for the territory. Efforts are now being made to reduce this licensee commission for Venezuela to a more proportionate basis and we believe we will be successful with the net result that the corporation will be receiving a proper share of the film rental.

Although living costs have increased throughout Central America, increasing our overhead proportionately, it is still possible to conduct a profitable operation in this area providing the unit receives eight or ten important pictures a year to maintain its volume. There are some of our more important pictures still to be released which will insure adequate volume and profit position during the first part of our new fiscal year. If the corporation is able to supply

some important pictures during the latter half of the period, the territory will definitely show a profit position for the year.

Most of the earnings are freely transmittable into dollars from the area, although there is a blocked position in Ecuador and Trinidad, which is relatively unimportant.

My recommendations are that we continue as heretofore in the Cristobal territory, which, as stated previously, can be a profitable operation, depending upon the quality and number of pictures we can supply.

LICENSEE OPERATION

Set forth below in the local currencies of each country is the business and expenses covering our operations for the fiscal year of 1949 via our licensee distribution:

- HOLLAND - 1949

Month	Played & Earned	Corporation Share Inc. Other Income	Total Expenses (Incl. Taxes)	Profit or Loss
	Fl.	Fl.	Fl.	Fl.
December 1948 (5 wks.)	41,680	11,633	9,591	2,042
January 1949	19,446	7,507	5,982	1,525
February	24,613	5,632	4,849	783
March (5 wks.)	22,576	8,875	7,065	1,810
April	25,824	9,607	7,685	1,922
May	13,871	8,170	6,399	1,771
June (5 wks.)	24,312	8,260	6,690	1,570
July	32,844	11,787	9,497	2,290
August	13,772	8,904	6,889	2,015
September (5 wks.)	17,703	7,398	5,941	1,457
October	25,263	10,560	8,505	2,055
November	36,700	15,025	12,025	3,000
Total: Fl.	298,604	Fl. 113,358	Fl. 91,118	Fl. 22,240

- EGYPT - 1949

Month	Played & Earned	Corporation Share Inc. Other Income	Total Expenses (Incl. Taxes)	Profit or Loss
	£	£	£	£
December 1948 (5 wks.)	967	272	234	38
January 1949	790	160	120	40
February	1,239	520	472	48
March (5 wks.)	1,466	266	260	6
April	1,570	242	226	16
May	1,116	364	314	50
June (5 wks.)	1,531	249	201	48
July	967	109	103	6
August	1,867	531	459	72
September (5 wks.)	1,597	480	420	60
October	3,346	872	604	268
November	2,264	619	423	196
Total: £	18,720	£ 4,384	£ 3,836	£ 848

- ISRAEL - 1949

Month	Played & Earned I£	Corporation Share Inc. Other Income I£	Total Expenses (Incl. Taxes) I£	Profit or Loss I£
December 1948 (5 wks.)	115	56	36	20
January 1949	1,158	368	153	215
February	667	183	129	54
March (5 wks.)	799	237	158	79
April	847	230	157	73
May	1,668	266	233	33
June (5 wks.)	1,777	267	139	128
July	1,212	362	241	121
August	985	295	197	98
September (5 wks.)	3,568	600	478	122
October	520	156	104	52
November	3,070	921	614	307
Total: I£	16,382	I£ 3,941	I£ 2,639	I£ 1,302

- PORTUGAL - 1949

Month	Played & Earned Esc.	Corporation Share Inc. Other Income Esc.	Total Expenses (Incl. Taxes) Esc.	Profit or Loss Esc.
December 1948--				
January 1949 --	240,817	103,172	80,592	22,580
February --				
March --				
April --	205,276	72,879	47,936	14,943
May --				
June (5 wks.)	47,428	17,241	14,015	3,226
July	22,606	9,926	7,775	2,151
August	41,444	13,356	10,489	2,867
September (5 wks.)	36,978	16,876	13,179	3,697
October	162,367	50,288	40,734	9,554
November				
Total: Esc.	766,916	283,738	224,720	59,018

The November figures for Portugal have not as yet been received.

- INDIA - 1949

Month	Played & Earned	Corporation Share Inc. Other Income	Total Expenses (Incl. Taxes)	Profit or Loss
	Rps.	Rps.	Rps.	Rps.
March 1949 (5 wks.)	41,136	14,800	8,227	6,573
April	30,946	10,458	(a) 9,657	801
May	20,312	7,803	5,863	1,940
June (5 wks.)	44,660	12,968	10,505	2,463
July	29,395	10,183	8,352	1,831
August	41,589	13,967	10,840	3,127
September (5 wks.)	59,435	21,577	16,377	5,200
October	55,512	17,196	15,611	1,585
November				
Total: Rps.	322,985	Rps. 108,952	Rps. 85,432	Rps. 23,520

The November figures for India have not as yet been received.

(a) Expenses - Includes Rps. 2,276 unusual expenses our representative.

We formerly operated subsidiary distribution outlets covering Egypt and Israel but because of losses and a steadily rising cost, we converted our direct operations to licensees in both territories. This has proven extremely beneficial since we have been successful in eliminating the former losses in these two territories.

Similarly, in India, we converted our Indian branch into a licensee distributorship for the territory of India, Pakistan, Burma and Ceylon. This conversion was made in February of this year and we have been successful in eliminating the former severe losses incurred by our direct operations.

Prior to our establishment of licensees in the above territories, the Corporation suffered very serious and actue losses as the under-mentioned figures will indicate:

- INDIA - U.A.

Year Jan. to Dec.	Played & Earned	Corporation Share Inc. Other Income	Total Expenses (Incl. Taxes)	Profit or Loss
	Rps.	Rps.	Rps.	Rps.
1948	571,450	256,974	267,075	10,101
1947	695,036	254,180	332,638	78,458
1946	833,668	320,918	361,414	59,504

- EGYPT - U.A.

Year Jan. to Dec.	Played & Earned P£	Corporation Share Inc. Other Income P£	Total Expenses (Incl. Taxes) P£	Profit or Loss — P£
1947	21,583	7,374	12,247	4,873 —
1946	24,423	8,067	7,789	278

- PALESTINE - U.A.

	P£	P£	P£	P£
1947	7,677	2,518	3,958	1,440 —
1946	12,563	4,078	4,122	44 —

Under our present producers' contracts, the licensee provision provides that the corporation is limited to 10% of the net for supervision with the producer never receiving less than 50% and in some cases, 60% and 70%. This provision covering licensee distribution, is a throw-back to the pre-war distribution terms and mathematically prohibits the corporation from enjoying its rightful profits.

The services we give to the producers in these licensee territories cannot possibly be afforded at a cost of 10%. We employ special representatives in the territory. We are forced to undergo very involved accounting and reporting details under our intricate producer setup; additionally, there are various traveling and entertaining expenses of our representatives. In summarization, the producers are enjoying the cheapest distribution fee imaginable (10%) for the most complete services rendered. (Special representative with contract approval, etc.).

The above services are, of course, in addition to the services performed by our London and New York offices regarding sales, statistics, shipping, etc.

If we are to maintain at least a break-even position with respect to our licensees, I would recommend that the Board of Directors authorize a modification in new producer contracts to the effect that the producers' share be maintained at 50% of the net and any differences between the distribution fee of our licensee and the 50% distribution cost to the producer is for the benefit of the corporation. In some licensee territories, this will not mean any modification of terms because

we are forced to grant a distributor a fee of 40% or more, meaning, in effect, that the corporation will still only receive its 10% or less. In the global situation covering all licensees, however, it will result in at least a break-even figure for the Corporation.

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

ENGLAND

1. HOME OF THE BRAVE
2. BLACK MAGIC
3. AFRICA SCREAMS
4. OUTPOST IN MOROCCO
5. ESCAPE IF YOU CAN
6. WITHOUT HONOR
7. THE BIG WHEEL
8. KISS FOR CORLISS
9. JOHNNY HOLIDAY
10. INDIAN SCOUT
11. QUICKSAND
12. MRS. MIKE
13. CHAMPAGNE FOR CAESAR
14. D. O. A.
15. JOHNNY ONE EYE
16. THE MEN
17. HERE LIES LOVE
18. ONCE OVER LIGHTLY
19. THE HARD PILLOW
20. WHO KILLED DOC ROBIN
21. CURLY
22. CROOKED WAY
23. GREAT DAN PATCH
24. BRASS MONKEY
25. VICIOUS CIRCLE
26. ANGRY GOD

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

FRANCE

1. CHAMPION
2. AFRICA SCREAMS
3. HOME OF THE BRAVE
4. BLACK MAGIC
5. ATLANTIS
6. TOO LATE FOR TEARS
7. FOR THEM THAT TRESPASS
8. CROOKED WAY
9. RED LIGHT
10. NO ROOM AT THE INN
11. GLASS MOUNTAIN
12. NANOOK OF THE NORTH
13. MAN ON THE RUN

EXHIBIT "E"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

BELGIUM

1. HOME OF THE BRAVE
2. CHAMPION
3. AFRICA SCREAMS
4. BLACK MAGIC
5. TOO LATE FOR TEARS
6. MY DEAR SECRETARY
7. GREAT DAN PATCH
8. BIG WHEEL
9. GIRL FROM MANHATTAN
10. IMPACT
11. CROOKED WAY
12. GLASS MOUNTAIN
13. NO ROOM AT THE INN
14. FOR THEM THAT TRESPASS
15. LUCKY STIFF
16. COVER UP
17. WITHOUT HONOR
18. KISS FOR CORLISS
19. DEADLY IS THE FEMALE
20. INDIAN SCOUT
21. QUICKSAND
22. MRS. MIKE
23. JOHNNY HOLIDAY
24. RED LIGHT
25. ESCAPE IF YOU CAN
26. CHAMPAGNE FOR CAESAR
27. D. O. A.
28. THE WHIP
29. JOHNNY ONE EYE
30. THE MEN
31. HERE LIES LOVE
32. ONCE OVER LIGHTLY
33. THE HARD PILLOW
34. MAN ON THE RUN

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

DENMARK

1. HOME OF THE BRAVE
2. TOO LATE FOR TEARS
3. BIG WHEEL
4. MY DEAR SECRETARY
5. GREAT DAN PATCH
6. COVER UP
7. IMPACT
8. QUICKSAND
9. UHUHU
10. KISS FOR CORLISS
11. INDIAN SCOUT

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

SWEDEN

1. HOME OF THE BRAVE
2. TOO LATE FOR TEARS
3. GREAT DAN PATCH
4. RED LIGHT
5. MY DEAR SECRETARY
6. JIGSAW
7. COVER UP
8. WITHOUT HONOR
9. BIG WHEEL
10. KISS FOR CORLISS
11. DEADLY IS THE FEMALE
12. INDIAN SCOUT
13. QUICKSAND
14. ESCAPE IF YOU CAN
15. THE WHIP
16. MRS. MIKE
17. JOHNNY HOLIDAY
18. CHAMPAGNE FOR CAESAR
19. JOHNNY ONE EYE
20. THE MEN
21. HERE LIES LOVE
22. ONCE OVER LIGHTLY
23. D. O. A.
24. THE HARD PILLOW
25. TEXAS, BROOKLYN & HEAVEN
26. GIRL FROM MANHATTAN
27. VICIOUS CIRCLE
28. JUST WILLIAM'S LUCK
29. CAPTAIN KIDD - Reissue
30. ROOSEVELT STORY
31. HOPPY'S HOLIDAY
32. MARAUDERS
33. BEDSIDE MANNER
34. BACHELOR'S DAUGHTERS
35. LITTLE IODINE
36. MR. ACE
37. YOUNG WIDOW
38. ABIE'S IRISH ROSE
39. FUN ON A WEEKEND
40. CHRISTMAS EVE
41. STORK BITES MAN

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE AFTER OCTOBER, 1949

SWITZERLAND

1. CHAMPION
2. HOME OF THE BRAVE
3. AFRICA SCREAMS
4. BLACK MAGIC
5. TOO LATE FOR TEARS
6. GREAT DAN PATCH
7. IMPACT
8. CROOKED WAY
9. LUCKY STIFF
10. ON OUR MERRY WAY
11. BRIGHTON ROCK
12. RED LIGHT
13. WITHOUT HONOR
14. BIG WHEEL
15. KISS FOR CORLISS
16. DEADLY IS THE FEMALE
17. INDIAN SCOUT
18. QUICKSAND
19. MRS. MIKE
20. JOHNNY HOLIDAY
21. ESCAPE IF YOU CAN
22. CHAMPAGNE FOR CAESAR
23. D. O. A.
24. THE WHIP
25. JOHNNY ONE EYE
26. THE MEN
27. HERE LIES LOVE
28. ONCE OVER LIGHTLY
29. THE HARD PILLOW
30. MAN ON THE RUN

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

NEW ZEALAND

1. CHAMPION
2. BLACK MAGIC
3. HOME OF THE BRAVE
4. AFRICA SCREAMS
5. TOO LATE FOR TEARS
6. OUTPOST IN MOROCCO
7. GREAT DAN PATCH
8. SIREN OF ATLANTIS
9. IMPACT
10. COVER UP
11. LUCKY STIFF
12. JIGSAW
13. RED LIGHT
14. WITHOUT HONOR
15. BIG WHEEL
16. KISS FOR CORLISS
17. DEADLY IS THE FEMALE
18. INDIAN SCOUT
19. QUICKSAND
20. MRS. MIKE
21. JOHNNY HOLIDAY
22. ESCAPE IF YOU CAN
23. CHAMPAGNE FOR CAESAR
24. D. O. A.
25. THE WHIP
26. JOHNNY ONE EYE
27. THE MEN
28. HERE LIES LOVE
29. ONCE OVER LIGHTLY
30. THE HARD PILLOW
31. BANNOCK OF THE NORTH
32. STRANGE GAMBLE
33. BORROWED TROUBLE
34. CAPTAIN KIDD - Reissue

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

AUSTRALIA

1. CHAMPION
2. BLACK MAGIC
3. HOME OF THE BRAVE
4. GREAT DAN PATCH
5. COVER UP
6. OUTPOST IN MOROCCO
7. THE BIG WHEEL
8. RED LIGHT
9. WITHOUT HONOR
10. ESCAPE IF YOU CAN
11. KISS FOR CORLISS
12. DEADLY IS THE FEMALE
13. INDIAN SCOUT
14. QUICKSAND
15. MRS. MIKE
16. JOHNNY HOLIDAY
17. THE HARD PILLOW
18. CHAMPAGNE FOR CAESAR
19. D. O. A.
20. THE WHIP
21. JOHNNY ONE EYE
22. THE MEN
23. HERE LIES LOVE
24. ONCE OVER LIGHTLY
25. THE BIG WHEEL
26. G. I. JOE
27. JUST WILLIAM'S LUCK
28. STRANGE GAMBLE
29. BORROWED TROUBLE
30. FALSE PARADISE
31. IMPACT
32. JIGSAW

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

MANILA

1. RED LIGHT
2. BIG WHEEL
3. WITHOUT HONOR
4. INDIAN SCOUT
5. QUICKSAND
6. DEADLY IS THE FEMALE
7. KISS FOR CORLISS
8. MRS. MIKE
9. ESCAPE IF YOU CAN
10. JOHNNY HOLIDAY
11. CHAMPAGNE FOR CAESAR
12. D. O. A.
13. THE WHIP
14. JOHNNY ONE EYE
15. THE MEN
16. HERE LIES LOVE
17. ONCE OVER LIGHTLY
18. THE HARD PILLOW
19. CALL OF THE BLOOD
20. CAPTAIN KIDD - Reissue
21. ACE DRUMMOND
22. DON WINSLOW OF THE COAST GUARD
23. DON WINSLOW OF THE NAVY
24. QUEEN OF THE JUNGLE
25. RED BARRY

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

SOUTH AFRICA

1. HOME OF THE BRAVE
2. BLACK MAGIC
3. RED LIGHT
4. WITHOUT HONOR
5. BIG WHEEL
6. KISS FOR CORLISS
7. DEADLY IS THE FEMALE
8. INDIAN SCOUT
9. QUICKSAND
10. MRS. MIKE
11. JOHNNY HOLIDAY
12. LUCKY STIFF
13. ALASKA
14. FALL GUY
15. SWING PARADE
16. VIOLENCE
17. MICHAEL O'HALLORAN
18. FAST COMPANY
19. WIFE WANTED
20. MUSIC MAN
21. FIGHTING MAD
22. ESCAPE IF YOU CAN
23. CHAMPAGNE FOR CAESAR
24. D. O. A.
25. THE WHIP
26. JOHNNY ONE EYE
27. THE MEN
28. HERE LIES LOVE
29. ONCE OVER LIGHTLY
30. THE HARD PILLOW
31. CAPTAIN KIDD - Reissue
32. ACE DRUMMOND
33. DON WINSLOW OF THE COAST GUARD
34. DON WINSLOW OF THE NAVY
35. QUEEN OF THE JUNGLE
36. RED BARRY
37. HISTORY IS MADE AT NIGHT - Reissue
38. JIM COMES TO JOHANNESBURG
39. STRANGE GAMBLE

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

INDIA

1. HOME OF THE BRAVE
2. BIG WHEEL
3. CROOKED WAY
4. RED LIGHT
5. GREAT DAN PATCH
6. WITHOUT HONOR
7. VALIANT HOMBRE
8. LUCKY STIFF
9. KISS FOR CORLISS
10. DEADLY IS THE FEMALE
11. INDIAN SCOUT
12. QUICKSAND
13. ESCAPE IF YOU CAN
14. MRS. MIKE
15. JOHNNY HOLIDAY
16. CHAMPAGNE FOR CAESAR
17. D. O. A.
18. THE WHIP
19. JOHNNY ONE EYE
20. THE MEN
21. HERE LIES LOVE
22. ONCE OVER LIGHTLY
23. THE HARD PILLOW
24. ANGRY GOD
25. CAPTAIN KIDD - Reissue
26. ACE DRUMMOND
27. DON WINSLOW OF THE COAST GUARD
28. DON WINSLOW OF THE NAVY
29. QUEEN OF THE JUNGLE
30. RED BARRY
31. JIGSAW

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

SINGAPORE

1. HOME OF THE BRAVE
2. BLACK MAGIC
3. OUTPOST IN MOROCCO
4. BIG WHEEL
5. RED LIGHT
6. GREAT DAN PATCH
7. INDIAN SCOUT
8. WITHOUT HONOR
9. QUICKSAND
10. DEADLY IS THE FEMALE
11. KISS FOR CORLISS
12. ESCAPE IF YOU CAN
13. MRS. MIKE
14. JOHNNY HOLIDAY
15. CHAMPAGNE FOR CAESAR
16. D. O. A.
17. THE WHIP
18. JOHNNY ONE EYE
19. THE MEN
20. HERE LIES LOVE
21. ONCE OVER LIGHTLY
22. THE HARD PILLOW
23. CAPTAIN KIDD - Reissue
24. ACE DRUMMOND
25. DON WINSLOW OF THE COAST GUARD
26. DON WINSLOW OF THE NAVY
27. QUEEN OF THE JUNGLE
28. RED BARRY

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

HONG KONG

1. MONSIEUR VERDOUX
2. CHAMPION
3. BLACK MAGIC
4. HOME OF THE BRAVE
5. RED RIVER
6. AFRICA SCREAMS
7. GREAT DICTATOR - Reissue
8. OUTPOST IN MOROCCO
9. SIREN OF ATLANTIS
10. RED LIGHT
11. CROOKED WAY
12. TOO LATE FOR TEARS
13. MY DEAR SECRETARY
14. WITHOUT HONOR
15. IMPACT
16. GREAT DAN PATCH
17. LUCKY STIFF
18. JIGSAW
19. TIME OF YOUR LIFE
20. COVER UP
21. ANGRY GOD
22. HEAVEN ONLY KNOWS
23. BRASS MONKEY
24. ON OUR MERRY WAY
25. URUBU
26. PITFALL
27. GIRL FROM MANHATTAN
28. VICIOUS CIRCLE
29. TEXAS, BROOKLYN & HEAVEN
30. BIG WHEEL
31. DEADLY IS THE FEMALE
32. KISS FOR CORLISS
33. INDIAN SCOUT
34. QUICKSAND
35. ESCAPE IF YOU CAN
36. MRS. MIKE
37. JOHNNY HOLIDAY
38. CHAMPAGNE FOR CAESAR
39. D. O. A.
40. THE WHIP
41. JOHNNY ONE EYE
42. THE MEN
43. HERE LIES LOVE
44. ONCE OVER LIGHTLY
45. THE HARD PILLOW
46. LITTLE IODINE
47. SUSIE STEPS OUT
48. STORK BITES MAN
49. CAPTAIN KIDD - Reissue
50. ACE DRUMMOND
51. DON WINSLOW OF THE COAST GUARD
52. DON WINSLOW OF THE NAVY
53. QUEEN OF THE JUNGLE
54. RED BARRY
55. INTRIGUE

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

ARGENTINE

1. GIRL FROM MANHATTAN
2. TIME OF YOUR LIFE
3. SWORD OF THE AVENGER
4. TEXAS, BROOKLYN AND HEAVEN
5. MONSIEUR VERDOUX
6. BREAKFAST IN HOLLYWOOD
7. ANGRY GOD
8. ALMA DE BRONCE
9. URUBU
10. DON'T TRUST YOUR HUSBAND
11. LUCKY STIFF
12. ATLANTIS
13. CAPTAIN KIDD - Reissue

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

BRAZIL

1. RED RIVER
2. HOME OF THE BRAVE
3. CHAMPION
4. BLACK MAGIC
5. OUTPOST IN MOROCCO
6. AFRICA SCREAMS
7. TOO LATE FOR TEARS
8. ATLANTIS
9. VICIOUS CIRCLE
10. GIRL FROM MANHATTAN
11. GREAT DAN PATCH
12. COVER UP
13. MY DEAR SECRETARY
14. CROOKED WAY
15. IMPACT
16. JIGSAW
17. LUCKY STIFF
18. DON'T TRUST YOUR HUSBAND
19. PITFALL
20. BIG WHEEL
21. RED LIGHT
22. WITHOUT HONOR
23. KISS FOR CORLISS
24. DEADLY IS THE FEMALE
25. INDIAN SCOUT
26. QUICKSAND
27. ESCAPE IF YOU CAN
28. MRS. MIKE
29. JOHNNY HOLIDAY
30. CHAMPAGNE FOR CAESAR
31. D. O. A.
32. THE WHIP
33. JOHNNY ONE EYE
34. THE MEN
35. HERE LIES LOVE
36. ONCE OVER LIGHTLY
37. THE HARD PILLOW
38. NO ORCHIDS FOR MISS BLANDISH
39. ESPERANZA
40. CALL OF THE BLOOD
41. TEXAS, BROOKLYN AND HEAVEN
42. URUBU
43. JUST WILLIAM'S LUCK
44. TIME OF YOUR LIFE
45. GIRL FROM MANHATTAN
46. ANGRY GOD
47. STORK BITES MAN
48. I MARRIED A WITCH
49. HOUSE ACROSS THE BAY
50. HISTORY IS MADE AT NIGHT
51. FOREIGN CORRESPONDENT
52. YOU ONLY LIVE ONCE
53. CRYSTAL BALL
54. I MET MY LOVE AGAIN

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

CHILE

1. AFRICA SCREAMS
2. CHAMPION
3. HOME OF THE BRAVE
4. BLACK MAGIC
5. RED RIVER
6. MY DEAR SECRETARY
7. OUTPOST IN MOROCCO
8. GREAT DAN PATCH
9. BIG WHEEL
10. TOO LATE FOR TEARS
11. WITHOUT HONOR
12. JIGSAW
13. COVER UP
14. INDIAN SCOUT
15. MRS. MIKE
16. JOHNNY HOLIDAY
17. RED LIGHT
18. KISS FOR CORLISS
19. QUICKSAND
20. DEADLY IS THE FEMALE
21. CHAMPAGNE FOR CAESAR
22. D. O. A.
23. THE WHIP
24. JOHNNY ONE EYE
25. THE MEN
26. HERE LIES LOVE
27. ONCE OVER LIGHTLY
28. THE HARD PILLOW
29. ESCAPE IF YOU CAN
30. CAPTAIN KIDD - (Reissue)
31. UNE GRANDE FILLE
32. TEXAS, BROOKLYN AND HEAVEN
33. TIME OF YOUR LIFE
34. ABIE'S IRISH ROSE
35. HEAVEN ONLY KNOWS
36. GIRL FROM MANHATTAN
37. URUBU
38. VICIOUS CIRCLE
39. PLOT TO KILL ROOSEVELT
40. NO ORCHIDS FOR MISS BLANDISH
41. SWORD OF THE AVENGER
42. PITFALL
43. LUCKY STIFF
44. CALL OF THE BLOOD

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

COLOMBIA

1. AFRICA SCREAMS
2. CHAMPION
3. BLACK MAGIC
4. HOME OF THE BRAVE
5. TOO LATE FOR TEARS
6. GREAT DAN PATCH
7. JIGSAW
8. CROOKED WAY
9. OUTPOST IN MOROCCO
10. RED LIGHT
11. WITHOUT HONOR
12. BIG WHEEL
13. KISS FOR CORLISS
14. DEADLY IS THE FEMALE
15. INDIAN SCOUT
16. QUICKSAND
17. MRS. MIKE
18. JOHNNY HOLIDAY
19. ESCAPE IF YOU CAN
20. CHAMPAGNE FOR CAESAR
21. D. O. A.
22. THE WHIP
23. JOHNNY ONE EYE
24. THE MEN
25. HERE LIES LOVE
26. ONCE OVER LIGHTLY
27. THE HARD PILLOW
28. JUST WILLIAM'S LUCK
29. MIRAD LOS LIRIOS DEL CAMPO
30. TIME OF YOUR LIFE
31. TEXAS, BROOKLYN AND HEAVEN
32. GIRL FROM MANHATTAN
33. VICIOUS CIRCLE
34. CONSPIRACY IN TEHERAN
35. NO ORCHIDS FOR MISS BLANDISH
36. UNE GRANDE FILLE TOUTE SIMPLE
37. ESPERANZA
38. CALL OF THE BLOOD

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

PERU

1. BLACK MAGIC
2. HOME OF THE BRAVE
3. TOO LATE FOR TEARS
4. INDIAN SCOUT
5. OUTPOST IN MOROCCO
6. TEXAS, BROOKLYN AND HEAVEN
7. GREAT DAN PATCH
8. CROOKED WAY
9. CONSPIRACY IN TEHERAN
10. JUST WILLIAM'S LUCK
11. RED LIGHT
12. BIG WHEEL
13. WITHOUT HONOR
14. DEADLY IS THE FEMALE
15. KISS FOR CORLISS
16. QUICKSAND
17. ESCAPE IF YOU CAN
18. MRS. MIKE
19. JOHNNY HOLIDAY
20. CHAMPAGNE FOR CAESAR
21. D. O. A.
22. THE WHIP
23. JOHNNY ONE EYE
24. THE MEN
25. HERE LIES LOVE
26. ONCE OVER LIGHTLY
27. THE HARD PILLOW
28. NO ORCHIDS FOR MISS BLANDISH
29. ESPERANZA
30. CALL OF THE BLOOD
31. CAPTAIN KIDD - (Reissue)
32. FURIA (Awaiting censor)
33. UNE GRANDE FILLE TOUTE SIMPLE
34. JIGSAW

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

PANAMA

UNRELEASED PICTURES

1. CHAMPION
2. HOME OF THE BRAVE
3. BLACK MAGIC
4. AFRICA SCREAMS
5. TOO LATE FOR TEARS
6. GREAT DAN PATCH
7. RED LIGHT
8. BIG WHEEL
9. WITHOUT HONOR
10. KISS FOR CORLISS
11. DEADLY IS THE FEMALE
12. INDIAN SCOUT
13. QUICKSAND
14. MRS. MIKE
15. JOHNNY HOLIDAY
16. ESCAPE IF YOU CAN
17. CHAMPAGNE FOR CAESAR
18. D. O. A.
19. THE WHIP
20. JOHNNY ONE EYE
21. THE MEN
22. HERE LIES LOVE
23. ONCE OVER LIGHTLY
24. THE HARD PILLOW
25. ESPERANZA
26. CALL OF THE BLOOD
27. UNE GRANDE FILLE TOUTE SIMPLE
28. OUTPOST IN MOROCCO
29. CONSPIRACY IN TEHERAN
30. NO ORCHIDS FOR MISS BLANDISH
31. JUST WILLIAM'S LUCK
32. JIGSAW

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

TRINIDAD

1. BLACK MAGIC
2. RED LIGHT
3. ATLANTIS
4. MY DEAR SECRETARY
5. DON'T TRUST YOUR HUSBAND
6. COVER UP
7. JUST WILLIAM'S LUCK
8. BIG WHEEL
9. QUICKSAND
10. WITHOUT HONOR
11. KISS FOR CORLISS
12. INDIAN SCOUT
13. GREAT DAN PATCH
14. DEADLY IS THE FEMALE
15. ESCAPE IF YOU CAN
16. MRS. MIKE
17. JOHNNY HOLIDAY
18. CHAMPAGNE FOR CAESAR
19. D. O. A.
20. THE WHIP
21. JOHNNY ONE EYE
22. THE MEN
23. HERE LIES LOVE
24. ONCE OVER LIGHTLY
25. THE HARD PILLOW
26. ESPERANZA

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

CUBA

UNRELEASED PRODUCT

1. HOME OF THE BRAVE
2. CHAMPION
3. BLACK MAGIC
4. AFRICA SCREAMS
5. OUTPOST IN MOROCCO
6. GREAT DAN PATCH
7. CROOKED WAY
8. TOO LATE FOR TEARS
9. RED LIGHT
10. WITHOUT HONOR
11. BIG WHEEL
12. DEADLY IS THE FEMALE
13. KISS FOR CORLISS
14. INDIAN SCOUT
15. QUICKSAND
16. MRS. MIKE
17. JOHNNY HOLIDAY
18. ESCAPE IF YOU CAN
19. CHAMPAGNE FOR CAESAR
20. D. O. A.
21. THE WHIP
22. JOHNNY ONE EYE
23. THE MEN
24. HERE LIES LOVE
25. ONCE OVER LIGHTLY
26. THE HARD PILLOW
27. NO ORCHIDS FOR MISS BLANDISH
28. ABIE'S IRISH ROSE
29. ANGRY GOD
30. VICIOUS CIRCLE
31. UNE GRANDE FILLE
32. JUST WILLIAM'S LUCK
33. ESPERANZA
34. CALL OF THE BLOOD
35. CAPTAIN KIDD - (Reissue)
36. JIGSAW

EXHIBIT "B"

SCHEDULE OF PICTURES AVAILABLE FOR RELEASE

AFTER OCTOBER, 1949

PUERTO RICO

1. BLACK MAGIC
2. HOME OF THE BRAVE
3. GREAT DAN PATCH
4. RED LIGHT
5. WITHOUT HONOR
6. BIG WHEEL
7. DEADLY IS THE FEMALE
8. KISS FOR CORLISS
9. INDIAN SCOUT
10. QUICKSAND
11. ESCAPE IF YOU CAN
12. MRS. MIKE
13. JOHNNY HOLIDAY
14. CHAMPAGNE FOR CAESAR
15. D. O. A.
16. THE WHIP
17. JOHNNY ONE EYE
18. THE MEN
19. HERE LIES LOVE
20. ONCE OVER LIGHTLY
21. THE HARD PILLOW
22. ESPERANZA
23. CALL OF THE BLOOD
24. CROOKED WAY
25. TOO LATE FOR TEARS
26. JUST WILLIAM'S LUCK
27. UNE GRANDE FILLE TOUTE SIMPLE
28. NO ORCHIDS FOR MISS BLANDISH

CONSOLIDATED FOREIGN BALANCE SHEET TO THE LATEST AVAILABLE DATES:

RATE	DATE		CASH	A/c. REC. PRODUCERS.	A/c. REC. EXHIBITORS.	A/c. REC. MISCELLANEOUS	ACCESSORIES	PRINTS	FURNITURE, FIXTURES + FITTINGS LESS DEPRECIATION	ADVANCES + DEPOSITS	DEFERRED CHARGES	TOTAL		A/c. PAY PRODUCERS	A/c. PAY + ACCRUED EXPENSES	RESERVE FOR INCOME TAXES	INTER-COMPANY ACCOUNTS, SURPLUS OR DEFICIT, ETC.	TOTAL
2.80	9/30/39	ENGLAND	713430 93	441150 35	131334 20	59547 82	183490 00		40572 81	12158 60	2013309 99	1082618 70		702058 71	111139 68	21867 35	247553 76	1082618 70
2.80	9/27/39	U.A. EXPORT CO.	55911 42	8566 42		39721 12					103705 96	103705 96		54394 60	48949 87	3018 74	(19528 97)	103705 96
2.85	8/27/39	AUSTRALIA	139431 63	171194 63	11824 23	28777 00	46845 64	471 00	29116 89	2581 35	97232 78	118042 97		119168 30	37911 54		(39036 87)	118042 97
2.80	8/29/39	NEW ZEALAND	12711 68	28134 38	10754 92	3857 77	11008 38		7356 65	3223 21	19044 92	94171 98		11857	4747 14		7414 85	94171 98
2.80	10/1/39	SOUTH AFRICA	249111 71	99164 33	30045 11	1358 00	10777 19		6428 38	2607 20	19831 15	119352 96		30872 19	24533 18		73324 29	119352 96
10615	8/27/39	FRANCE	183801 77	199820 09	21305 16	9770 77	9335 21	24735 97	4097 97	7718 15	16234 99	476219 83		484234 17	20249 79		(28263 88)	476219 83
02	10/1/39	BELGIUM	9577 50	13282 31	9603 29	3931	4935 15	1539	3673 47	2693 00	1943 11	49895 72		11219 92	3541 02		34934 67	49895 72
23	10/1/39	SWITZERLAND	1558 90	4338 29	5923 03	168 19	2334 97		791 73	51 26	454 39	16307 65		3546 54	4311 15	4824 91	3624 89	16307 65
1935	10/1/39	SWEDEN	11089 25	46 04 46	4438 02	33 07	2641 19		80 94	394 92	394 91	134933 91		13334 51	1554 34		5424 89	134933 91
1480	10/1/39	DENMARK	8074 72	24 19 32	353 94		1370 04		430 83	248 32	854 20	13803 06		13654 98	2 40	50 00	(51 32)	13803 06
10	10/27/39	ARGENTINE	15841 80	92241 77	4740 49	912 55	3445 21		1410 24	911 58	2231 14	135456 79		15490 41	2552 14		(44173 84)	133930 79
3350	10/1/39	URUGUAY	1429 05		2705 90				155 71			5290 72		19 26 94	10 44 50		(10022 84)	5290 72
01350	10/29/39	CHILE	27033 41	29113 01	2455 10	374 30	2041 11		1231 93	224 50	2182 49	84549 99		103138 10	5829 49		(69514 99)	84549 99
9500	10/29/39	BRAZIL	49007 46		24095 22	744 50	5189 15		2818 39	4514 91	4223 97	91070 70		147284 52	57 15 33		(108934 15)	91070 70
2150	10/1/39	COLOMBIA	2009 39		1083 29				454 74	104 91	2031 20	33157 11		31 57 93	1 40 71		(3085 73)	33157 11
1.00	10/1/39	CUBA	3500 00	2631 03	741 00	200 00	915 92		716 18	165 00	990 18	16071 91		309 61	2397 20		13365 00	16071 91
1.00	10/1/39	CRISTOBAL	2847 54		1121 71		2032 26		2079 96	240 50	6293 06	24616 53			241 01		20394 52	20616 53
1.1200	10/1/39	COSTA RICA			59 78							59 78					59 78	59 78
00	10/1/39	SALVADOR					4 72					4 72					4 72	4 72
4858	10/1/39	ECUADOR	1427 93		1424 91		28 00				1218 38	3858 72				58 89	3858 72	
2988	10/1/39	VENEZUELA									2357 08	2357 08				12455 79	(10298 71)	2357 08
5815	10/1/39	TRINIDAD	9991 30		1972 99		1107 21		192 11		6149	7729 20			9041		7683 13	7729 20
0815	10/1/39	PERU	10093 92		1205 92	309 00	454 00		183 01		703 89	12899 49		15 11 18		1152 39	(3071 89)	12899 49
100	10/1/39	BOLIVIA													600 00		(600 00)	---
100	10/1/39	PUERTO RICO	3705 34	1042 53	3973 92		991 27		248 93	15 00	481 91	10471 11					12855 99	12471 11
5325	10/1/39	ARUBA													22		(22)	---
9925	10/1/39	PHILIPPINE ISLANDS	24644 88	715 79	768 33	951 44	2311 94		2238 17		2249 47	31490 90			164 66	222 34	31 471 20	31490 90
1740	10/1/39	HONGKONG	2194 88	8534			495 44		4239 23	17 50	1816	4716 96			822 00	218 69	3876 27	4716 96
3215	10/1/39	STRAITS SETTLEMENTS	9973 30	992 42	1812 19		453 11		1089 15	4 65	1998 88	9322 96			1 40 63		9919 83	9322 96
538	10/1/39	SIAM	1212 99				132 89					1345 28					(1215 83)	1345 28
1820	9/30/39	MEXICO			10795 81	43019 57				193 69		54381 98		34243 19	3156 49		24982 55	54381 98
2165	9/30/39	INDIA	54207 29			2298 94				3962 48	1452 99	61922 30		48687 99	8933 83		4301 46	61922 30
2.80	10/30/39	EGYPT	22841 91									22841 91		12764 98			10076 93	22841 91
2.81	10/30/39	PALESTINE		8351 31								8351 31		17809 10			(9457 79)	8351 31
			1856813 30	997025 71	318843 27	150749 20	155094 15	27481 85	54424 52	18278 00	476326 06	3711036 06		3125644 63	409 146 41	71771 74	396 35 94	3711036 06

THE ABOVE FIGURES DO NOT INCLUDE INVESTMENTS IN ODEON CINEMA HOLDINGS LTD., ODEON PROPERTIES LTD. OR ODEON THEATRES LTD. AMOUNTING TO £ 99 842 5 6

(BRACKETED FIGURES INDICATE AMOUNTS IN RED)

FOREIGN

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT	FRANCHISE FEES	TOTAL PROFIT
1949 (9 months)	$ 4,094,367.16	29.94%	$ 259,810.61—	$ 221,216.94	$ 38,593.67—
1948 (Europe, Central and So. America 11 months Far East 10 months)	7,020,429.24	26.95%	81,396.08—	297,798.38	216,402.30
1947	9,785,554.40	29.61%	492,248.01	440,818.92	933,066.93
1946	12,459,455.98	27.72%	184,558.07	766,750.34	951,308.41
1945	11,719,203.98	28.37%	136,394.50	938,172.88	1,074,567.38
1944	9,044,503.77	29.08%	104,386.68—	759,218.44	654,831.76
1943	10,097,961.27	29.52%	75,499.31	887,851.06	963,350.37
1942	10,493,426.59	28.34%	126,209.96	1,019,040.33	1,145,250.29
1941	11,444,968.56	26.73%	362,624.21	1,033,890.55	1,396,514.76
1940	8,651,920.64	30.98%	88,976.46—	738,412.00	649,435.54
1939	10,118,769.22	29.31%	36,653.81	912,364.50	949,018.31
1938	12,652,812.81	29.56%	162,665.94	1,157,009.82	1,319,675.76
1937	11,766,204.52	32.40%	225,183.79	1,038,612.74	1,263,796.53
1936	13,554,422.63	32.34%	497,265.66	1,181,453.11	1,678,718.77
1935	13,191,925.55	33.56%	664,226.30	1,192,173.49	1,856,399.79
1934	11,952,284.44	33.19%	275,466.50	1,117,513.80	1,392,980.30
	$ 168,048,208.75		$ 2,704,426.23	$ 13,702,297.30	$ 16,406,723.53

FOREIGN DEPARTMENT EXPENSES

1948	$ 325,698.57
1947	396,471.32
1946	412,459.79
1945	342,896.60
1944	222,391.66
1943	170,744.25
1942	150,811.19
1941	164,819.59
1940	201,145.59
1939	209,979.84
1938	204,796.97
1937	251,201.33
1936	234,253.55
1935	175,890.40
1934	221,394.59
	$ 3,684,955.24

NETHERLANDS EAST INDIES

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT
1941	$ 159,707.74	40.09%	$ 26,198.89
1940	92,554.95	40.26%	6,696.91
1939	76,235.27	39.07%	5,605.43
1938	95,985.29	38.64%	324.79
1937	73,003.50	36.89%	10,685.03 —
1936	96,405.59	34.34%	24,044.09 —
1935	55,397.50	40.20%	5,999.95 —
1934	40,786.14	40.97%	940.77
	$ 690,075.98		$ 962.28 —

CHINA

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT
1949 (9 months)	$ 21,054.61	41.39%	$ 6,428.34
1948 (10 months)	30,521.52	35.92%	2,071.48
1947	66,084.53	37.87%	10,243.99
1946	230,557.27	38.57%	40,909.24
1945	350,088.04	39.67%	66,901.66
1943	247,917.08	40.00%	45,489.09
1942	30,097.76	40.00%	4,897.30
1941	102,700.36	40.01%	19,938.26
1940	48,905.08	40.12%	6,118.06
1939	59,300.43	39.72%	9,636.18
1938	64,975.75	39.40%	6,272.65
1937	74,641.94	39.51%	875.44
1936	112,886.25	39.83%	6,917.76
1935	136,222.86	39.95%	13,471.77
1934	120,656.67	39.71%	4,895.86
	$ 1,696,610.15		$ 240,922.72

INDIA

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT	FRANCHISE FEES	TOTAL PROFIT
1949(9 months)Agency Began 2/27/49)	$ 80,642.60	26.00%	$16,422.82 -	$ 2,345.68	$14,077.14 -
1948(10 months)	144,931.53	37.96%	8,801.62 -	7,246.56	1,555.06 -
1947	209.505.95	35.80%	34,081.36 -	10,475.40	23,605.96 -
1946	251,105.03	36,39%	5,411.82	12,555.24	17,967.06
1945	340,166.23	36.17%	22,802.88	17,008.29	39,811.17
1944	310,036.83	38.71%	21,598.37	15,501.84	37,100.21
1943	309,744.76	40.02%	28,868.00	15,487.24	44,355.24
1942	186,063.97	40.00%	14,053.08	9,303.20	23,356.28
1941	243,408.72	40.06%	30,533.92	12,170.43	42,704.35
1940	160,414.97	40.12%	14,067.65	8,020.76	22,088.41
1939	180,860.53	40.00%	205.98 -	9,043.01	8,837.03
1938	216,861.62	39.49%	23,546.73	10,843.08	34,389.81
1937	242,159.64	39.60%	6,138.70	12,107.99	18,246.69
1936	307,389.93	40.02%	31,779.64	15,369.49	47,149.13
1935	290,461.36	40.32%	26,732.56	14,523.07	41,255.63
1934	243,805.21	41.06%	6,470.03	12,190.31	18,660.34
	$3,717,558.88		$172,491.60	$184,191.59	$356,683.19

PHILIPPINE ISLANDS

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT	FRANCHISE FEES	TOTAL PROFIT
1949 (9 Months)	$ 130,639.11	37.23%	$ 4,086.84	$ 6,531.86	$ 10,618.70
1948 (10 Months)	105,361.81	38.88%	1,318.73	5,268.09	3,949.36
1947	306,423.00	38.85%	43,308.03	15,321.15	58,629.18
1946	458,022.20	34.85%	75,351.50	21,934.74	96,986.24
1945	101,361.91	17.59%	9,305.92	1,282.00	10,587.92
1941	185,703.94	40.05%	49,120.16	9,435.20	58,555.36
1940	131,913.35	40.22%	27,476.01	6,599.88	34,075.89
1939	126,817.11	40.10%	25,662.43	6,441.50	32,103.93
1938	110,433.59	39.80%	13,916.20	5,524.42	19,440.62
1937	107,110.84	39.47%	16,819.56	5,225.20	22,044.76
1936	97,259.50	39.4[illegible]%	15,350.88	4,869.09	20,219.97
1935	92,901.39	39.69%	14,558.99	4,789.00	19,347.99
1934	56,044.62	40.16%	38.58	2,772.34	2,810.92
	$ 2,014,992.57		$ 293,376.37	$ 95,994.47	$ 389,370.84

STRAITS SETTLEMENTS

	PLAYED AND EARNED	CORPORATION'S SHARE	PROFIT	FRANCHISE FEES	TOTAL PROFIT
1949 (9 months)	$ 57,143.02	36.72%	$ 8,262.15 —	$ 2,857.16	$ 5,404.99 —
1948 (10months)	79,623.43	37.63%	4,761.47 —	3,981.18	780.29 —
1947	93,998.89	36.39%	17,052.54 —	4,348.46	12,704.08 —
1946	176,766.72	37.75%	36,898.71	8,838.34	45,737.05
1941	121,086.05	40.04%	4,164.13	5,995.88	10,160.01
1940	73,712.14	40.19%	9,592.89	3,685.60	13,278.49
1939	58,384.21	39.94%	3,969.81	2,909.96	6,879.77
1938	75,120.25	40.09%	8,458.32	3,756.01	12,214.33
1937	55,017.60	40.13%	1,320.91 —	2,750.87	1,429.96
1936	54,650.01	40.78%	4,043.46 —	2,732.51	1,310.95 —
1935	56,260.59	40.56%	3,533.93 —	2,819.86	714.07 —
1934	48,933.42	41.36%	1,639.94 —	2,468.49	828.55
	$ 950,696.33		$ 22,469.46	$ 47,144.32	$ 69,613.78

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AUSTRALASIA

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT	FRANCHISE FEES	TOTAL PROFIT
1949 (9 months)	$ 276,608.25	34.38%	$ 48,033.51 -	$ 13,830.41	$ 34,203.10 -
1948 (10 months)	388,634.41	34.57%	32,163.58 -	19,431.72	12,731.86 -
1947	595,170.18	34.95%	24,105.46 -	29,758.50	5,653.04
1946	605,726.43	33.05%	32,171.59 -	30,286.33	1,885.26 -
1945	655,138.25	34.20%	8,368.72	32,756.92	41,125.64
1944	768,729.60	36.48%	4,633.29 -	38,436.47	33,803.18
1943	756,537.01	37.95%	44,240.91	37,826.84	82,067.75
1942	679,354.59	37.87%	15,325.31	33,967.73	49,293.04
1941	930,978.59	37.72%	80,729.03	46,548.93	127,277.96
1940	845,120.67	37.72%	67,323.41	42,256.03	109,579.44
1939	748,508.04	37.85%	20,483.57	37,425.41	57,908.98
1938	1,016,582.91	37.62%	51,120.02	50,829.15	101,949.17
1937	775,077.32	38.16%	6,748.27	38,753.87	45,502.14
1936	920,133.82	41.36%	86,360.35	46,006.69	132,367.04
1935	986,841.04	48.65%	187,428.84	49,342.04	236,770.88
1934	663,480.89	48.40%	94,211.63	33,174.06	127,385.69
	$11,612,622.00		$521,232.63	$580,631.10	$1,101,863.73

DIVIDENDS PAID TO PARENT COMPANY

1945	$ 25,966.53
1944	43,125.83
1943	42,682.39
1942	59,402.67
1941	105,540.60
1940	67,162.20
1939	41,031.25
1938	22,884.53
1937	25,991.88
1936	97,968.75
1935	114,368.75
1934	13,838.13
	$ 659,963.51

SOUTH AFRICA

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT	FRANCHISE FEES	TOTAL PROFIT
1949 (9 months)	$118,198.81	29.25%	$ 6,193.67 -	7,479.91	$ 26,713.66 -
1948 (10 months)	164,920.81	27.31%	18,952.71 -	8,245.93	10,706.78 -
1947	309,766.36	28.42%	2,307.38	15,488.30	17,795.68
1946	402,163.96	26.59%	28,211.25	19,891.70	48,102.95
1945	418,296.12	29.02%	13,907.85	20,685.56	34,593.41
1944	481,754.86	28.97%	18,087.58	24,033.49	42,121.07
1943	400,474.55	29.11%	24,752.85	20,023.65	44,776.50
1942	322,157.43	28.50%	14,073.86	16,107.87	30,181.73
1941	319,899.47	29.03%	19,160.17	15,994.99	35,155.16
1940	160,323.69	29.22%	4,227.07	6,638.46	10,865.53
1939 (from 8/17/39)	39,891.09	30.01%	3,621.20 -	2,233.29	1,387.91 -
	$3,137,847.15		$65,960.53	$156,823.15	$222,783.68

DIVIDENDS PAID TO PARENT COMPANY

1946	$ 16,020.00
1945	16,020.00
1944	23,880.00
1943	13,930.00
1941	19,900.00
	$ 89,750.00

MEXICO

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT
1949 (9 months)	$ 20,696.80	4.28%	$ 885.34
1948 (11months)(Agency began 4/3/48)	67,316.45	5.64%	61,446.15 —
1947	275,108.92	36.92%	61,623.99 —
1946	328,070.64	33.85%	22,993.76 —
1945	238,412.61	34.04%	28,074.21 —
1944	186,407.57	38.25%	26,176.43 —
1943	187,277.12	39.00%	7,208.05 —
1942	201,563.64	40.01%	12,833.03
1941	237,837.84	40.16%	32,635.77
1940	166,664.82	39.94%	7,437.03
1939	133,423.68	39.93%	529.20
1938	165,377.10	39.61%	493.03 —
1937	159,343.72	39.34%	8,571.17
1936	130,556.76	39.87%	2,855.85 —
1935	83,611.24	41.46%	5,900.70 —
1934	68,996.17	41.66%	13,328.31 —
	$2,650,665.08		$ 167,208.94 —

PUERTO RICO

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT
1949 (9 months)	$ 51,400.30	37.25%	$ 6,784.90 —
1948 (11 months)	59,324.39	35.21%	8,085.59 —
1947	94,831.20	37.50%	1,692.42 —
1946	81,530.48	35.78%	4,086.03 —
1945	79,004.84	35.22%	76.73
1944	79,413.42	38.34%	1,545.67
1943	56,564.85	40.54%	1,909.19 —
1942	75,070.91	40.02%	5,258.41
1941	78,835.13	40.15%	6,987.67
1940	58,711.76	40.37%	3,337.83
1939	59,094.85	40.46%	4,296.83
1938	50,675.35	41.25%	2,779.87
1937	45,247.78	40.89%	3,296.40
1936	36,273.46	41.28%	1,293.21 —
1935	39,135.20	40.84%	4,358.11 —
1934	33,667.89	42.30%	3,298.92 —
	$ 976,781.87		$ 3,928.96 —

DIVIDENDS PAID TO PARENT COMPANY

1942	$ 4,000.00

CUBA

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT
1949 (9 months)	$ 75,330.32	36.35%	$ 18,778.30 —
1948 (11 months)	118,320.89	33.25%	18,973.52 —
1947	227,917.00	36.76%	3,294.90 —
1946	135,542.31	35.42%	5,170.00 —
1945	142,192.87	35.80%	2,790.11 —
1944	84,456.94	37.77%	16,011.89 —
1943	93,698.51	40.22%	5,542.00 —
1942	83,652.33	40.25%	5,668.57 —
1941	139,237.33	40.40%	15,476.13
1940	93,022.63	40.32%	1,968.42
1939	87,494.17	40.45%	163.97 —
1938	116,351.85	41.69%	9,478.85
1937	104,881.96	40.59%	10,425.86
1936	75,088.79	41.19%	2,022.06 —
1935	82,220.16	40.92%	3,838.29
1934	54,105.85	41.05%	3,205.94 —
	$ 1,713,513.91		$ 40,433.71 —

PERU

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT
1949 (9 months)	$ 37,485.85	43.80%	$ 12,850.47 —
1948 (11months)	53,004.75	39.83%	7,422.48 —
1947	98,291.87	41.23%	5,099.79 —
1946	60,877.58	35.56%	6,766.27 —
1945	70,422.88	30.56%	7,232.49 —
1944	41,975.61	35.72%	11,100.72 —
1943	48,047.50	37.57%	7,000.80 —
1942	69,023.29	42.54%	6,331.41
1941	56,692.37	49.91%	7,048.93
1940	46,979.21	49.93%	2,814.76
1939	44,725.07	49.82%	1,595.39
1938	56,403.85	48.77%	3,205.44
1937 (Operations began November 1937)previous operations included in Cristobal.	2,428.68	49.94%	5,213.69 —
	$ 686,358.51		$ 41,690.78 —

CRISTOBAL

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT
1949 (9 months)	$ 136,854.47	42.92%	$ 1,372.33
1948 (11 months)	236,189.14	42.16%	16,688.13
1947	256,951.71	43.66%	3,203.38
1946	235,619.43	41.46%	2,340.44
1945	270,371.55	41.95%	28,170.13
1944	220,368.13	45.22%	22,149.31
1943	229,043.79	48.63%	48,737.94
1942	258,183.31	49.57%	59,451.30
1941	277,183.79	49.78%	58,667.37
1940	196,379.15	49.77%	35,026.53
1939	199,207.79	49.16%	30,734.31
1938	220,992.91	48.68%	42,598.99
1937	244,938.85	47.03%	45,746.05
1936	185,485.83	49.66%	23,667.64
1935	147,297.08	49.69%	12,048.16
1934	121,774.32	49.14%	3,465.16
	$ 3,436,841.25		$ 427,660.41

COLOMBIA

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT
1949 (9 months)	$ 55,320.06	44.48%	$ 416.48
1948 (11 months)	71,456.56	39.49%	47,535.59 —
1947	125,431.14	42.03%	30,488.88 —
1946	79,193.69	37.94%	12,253.32
1945	72,658.24	42.31%	16,095.25 —
1944	56,897.18	44.30%	8,965.31 —
1943	82,254.06	49.43%	12,111.02
1942	68,913.22	49.33%	3,560.58
1941	85,382.05	49.71%	9,761.71
1940	64,929.40	49.44%	4,764.63
1939	60,246.33	48.52%	5,105.47
1938	61,537.86	46.52%	10,006.79
1937	58,629.27	47.60%	4,799.99
1936	35,522.86	49.23%	3,026.08 —
1935	29,002.51	48.32%	1,003.91 —
1934	17,990.30	48.51%	4,137.11 —
	$ 1,025,364.76		$ 48,472.14 —

DIVIDENDS PAID TO PARENT COMPANY

1943	$ 17,177.21
1941	9,874.76
1940	2,776.23
1939	5,641.02
1938	5,648.94
	$ 41,118.16

BRAZIL

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT
1949 (9 months)	$ 265,817.60	43.43%	$ 51,619.02 —
1948 (11 months)	347,530.45	43.23%	49,408.94 —
1947	576,476.67	43.19%	20,204.48 —
1946	494,031.69	41.45%	10,294.84 —
1945	429,715.78	40.08%	19,410.08 —
1944	364,516.13	45.31%	5,812.15
1943	390,854.33	48.65%	47,265.06
1942	291,123.02	49.91%	6,630.52
1941	311,093.93	50.02%	36,235.20
1940	259,439.47	50.06%	23,481.18
1939	232,187.55	49.90%	17,050.21
1938	267,216.65	49.64%	29,075.71
1937	244,663.85	49.11%	11,546.07
1936	228,710.54	48.78%	24,962.53
1935	191,255.19	48.15%	1,851.45
1934	209,796.31	46.44%	4,783.22
	$ 5,104,434.16		$ 57,755.94

DIVIDENDS PAID TO PARENT COMPANY

1944	$ 5,000.00
1943	48,000.00
1942	35,000.00
1940	20,000.00
1939	10,000.00
1938	29,000.00
1937	11,000.00
1936	24,000.00
	$ 182,000.00

	ARGENTINE			CHILE		
	PLAYED AND EARNED	CORPORATION SHARE	PROFIT	PLAYED AND EARNED	CORPORATION SHARE	PROFIT
1949 (9 months)	$ 133,351.70	38.88%	$ 9,629.05 -	$ 104,427.11	42.54%	$ 27,321.15 -
1948 (11months)	388,962.07	40.86%	7,226.91	134,990.92	41.27%	3,941.18 -
1947	519,978.91	46.13%	29,849.04 -	159,712.24	46.02%	5,290.71
1946	554,515.89	40.65%	12,651.59	140,666.46	39.30%	7,144.56 -
1945	388,417.45	42.57%	24,008.38	125,642.95	40.03%	12,534.33 -
1944	273,647.11	44.25%	2,889.56	84,375.68	42.96%	14,798.55 -
1943	315,736.20	47.31%	21,478.31	70,941.03	46.22%	6,097.40 -
1942	267,638.27	49.01%	12,384.64	117,330.57	49.27%	14,167.74
1941	349,182.67	49.99%	28,605.67	126,015.93	49.78%	21,329.80
1940	313,171.56	49.98%	21,504.13	92,626.30	47.07%	13,025.15
1939	278,536.38	49.86%	4,324.43 -	58,662.35	49.94%	6,955.78
1938	359,555.71	49.28%	3,614.38 -	75,838.86	49.50%	11,107.31
1937	486,678.27	48.46%	13,318.72	53,577.44	47.12%	10,053.55
1936	434,204.74	48.70%	30,037.58	Operations began March,1937		
1935	406,057.09	48.52%	31,915.99			
1934	293,748.64	48.41%	6,854.99			
	$5,763,382.66		$165,459.57	$1,344,807.84		$10,092.87

DIVIDENDS PAID TO PARENT COMPANY

1943	$ 14,850.00
1942	50,000.00
1940	30,000.00
1937	23,999.80
1936	28,000.00
	$ 146,849.80

EGYPT AND PALESTINE

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT	FRANCHISE FEES	TOTAL PROFIT
1948 (4 months) operated as Agency beginning May 1948	$ 45,685.03	31.31%	$ 15,219.15 —	$ 2,284.23	$ 12,934.92 —
1947	119,714.77	33.27%	31,834.17 —	5,985.66	25,848.51 —
1946	151,004.42	32.58%	18,392.06 —	21,559.51	3,167.45
1945	201,310.04	33.72%	10,354.11	22,574.09	32,928.20
1944	91,842.73	35.80%	13,371.38 —	11,480.33	1,891.05 —
	$ 610,156.99		$ 68,462.65 —	$ 63,883.82	$ 4,578.83 —

CZECHO-SLOVAKIA

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT	FRANCHISE FEES	TOTAL PROFIT
1937	$ 91,329.63	37.91%	$ 5,825.81 —	$ 7,306.37	$ 1,480.56
1936	135,159.31	40.54%	2,662.19 —	10,812.76	8,150.57
1935	105,362.18	43.08%	13,076.83 —	-0-	13,076.83 —
1934	10,623.11	50.78%	26,152.11 —	751.33	25,400.78 —
	$342,474.23		$ 47,716.94 —	$18,870.46	$ 28,846.48 —

SPAIN

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT
1937	$ 122,047.94	36.14%	$ 4,186.11 —
1936	359,091.82	36.74%	10,520.17 —
1935	385,451.66	42.12%	41,020.70 —
1934	348,619.51	43.48%	14,136.54 —
	$ 1,215,210.93		$ 69,863.52 —

FRANCE

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT	FRANCHISE FEES	TOTAL PROFIT
1939	$352,638.50	28.29%	$14,841.98	$10,205.25	$25,047.23
1938	418,376.87	29.17%	34,796.56	12,836.12	47,632.68
1937	646,892.81	29.38%	72,162.97	29,540.83	101,703.80
1936	970,903.33	33.56%	112,510.85	42,904.31	155,415.16
1935	724,633.91	34.85%	51,574.22 —	31,851.38	19,722.84 —
1934	619,866.53	37.30%	186,037.98 —	27,881.43	158,156.55 —
	$3,733,311.95		$ 3,299.84 —	$155,219.32	$ 151,919.48

DENMARK

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT	FRANCHISE FEES	TOTAL PROFIT
1949 (9months)	$ 15,353.98	39.71%	$ 3,962.01 -	$ 171.17 -	$ 4,133.18 -
1948 (11months)	46,944.68	37.70%	4,596.72 -	2,347.23 -	2,249.49 -
1947 (11/29/41 to 1/ 3/48)	48,933.99	38.65%	4,984.76	4,404.06	9,388.82
1941	42,116.00	38.45%	1,841.90	3,790.44	5,632.34
1940	63,947.55	38.86%	5,860.14	5,070.55	10,930.69
1939	73,852.44	37.61%	4,358.59	3,692.63	8,051.22
1938	70,000.43	37.28%	1,703.07	3,560.29	5,263.36
1937	69,778.51	37.74%	5,055.20	5,582.28	10,637.48
1936	78,951.64	39.97%	6,345.33	6,316.13	12,661.46
1935	72,738.64	47.17%	7,418.03	7,999.79	15,417.82
1934	62,865.96	44.24%	1,922.08 -	7,854.41	5,932.33
	$ 645,483.82		$ 27,086.21	$ 50,446.64	$ 77,532.85

SWEDEN

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT	FRANCHISE FEES	TOTAL PROFIT
1949 (9 months)	$ 41,495.59	32.92%	$ 25,387.18 —	$ 2,074.78	$ 33,212.40 —
1948 (11months)	127,827.97	32.52%	14,130.66 —	6,391.40	7,748.26 —
1947	208,216.98	35.29%	7,132.06 —	18,739.53	11,607.47
1946	331,292.49	31.86%	33,357.30	29,816.32	63,173.62
1945	208,165.74	32.86%	729.07 —	18,734.91	18,005.84
1944	129,574.74	36.31%	3,546.57 —	11,661.73	8,115.16
1943	219,634.40	37.55%	14,157.54	19,767.09	33,924.63
1942	239,261.94	37.50%	21,849.88	21,533.57	43,383.45
1941	323,925.59	37.48%	37,402.19	29,153.30	66,555.49
1940	209,558.58	37.45%	18,277.89	16,945.75	35,223.64
1939	158,317.72	37.37%	10,943.59	7,915.87	18,859.46
1938	205,253.98	37.33%	16,920.44	10,436.13	27,356.57
1937	131,882.23	37.33%	10,562.69	10,550.58	21,113.27
1936	169,870.62	39.43%	14,528.46	13,589.68	28,118.14
1935	121,135.26	47.57%	6,430.31	12,423.09	18,853.40
1934	119,265.82	44.09%	4,656.16 —	10,564.92	5,908.76
	$2,944,679.65		$128,939.59	$240,298.65	$369,238.24

DIVIDENDS PAID TO PARENT COMPANY

1948	$ 5,555.55
1947	20,833.33
1946	17,857.14
1945	17,857.14
1944	35,714.28
1942	17,857.15
1941	11,904.76
	$ 127,579.35

SWITZERLAND

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT	FRANCHISE FEES	TOTAL PROFIT
1949 (9 months)	$ 44,106.38	35.23%	$ 7,523.69 –	$ 2,205.32	$ 5,318.37 –
1948 (11months)	113,191.34	32.05%	3,548.26 –	5,659.56	2,111.30
1947	132,773.52	35.86%	1,126.41 –	9,425.85	8,299.44
1946	223,729.22	32.32%	4,251.15	20,135.63	24,386.78
1945	186,674.63	34.96%	4,071.39	16,800.71	20,872.10
1944	90,621.03	37.27%	3,422.03	8,155.90	11,577.93
1943	93,773.50	37.53%	3,268.75	8,439.62	11,708.37
1942	103,855.23	35.97%	5,033.54	9,346.97	14,380.51
1941	90,113.36	36.21%	355.20 –	8,110.20	7,755.00
1940	56,321.24	32.66%	3,781.67 –	4,044.72	263.05
1939	51,747.94	34.81%	2,788.42 –	2,587.41	201.01 –
1938	62,657.88	33.78%	1,267.09 –	3,145.90	1,878.81
1937	56,369.66	35.35%	3,563.40 –	4,509.55	946.15
1936	102,683.28	37.61%	13,625.09	8,214.75	21,839.84
1935	58,002.78	41.51%	9,037.31 –	0 –	9,037.31 –
1934	61,599.80	40.21%	13,351.30 –	7,699.96	5,651.34 –
	$1,528.220.79		$ 12,670.80 –	$118.482.05	$ 105,811.25

BELGIUM

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT	FRANCHISE FEES	TOTAL PROFIT
1949 (9 months)	$ 99,765.07	32.47%	$ 26,213.39 -	$ 4,988.25	$21,225.14 -
1948 (11months)	185,364.72	30.90%	1,022.75	9,268.24	10,290.99
1947	301,918.29	32.37%	1,816.29 -	15,095.92	13,279.63
1946 (9/15/44 to 12/28/46)	1,145,270.42	32.52%	14,984.22	57,263.52	72,247.74
1939	164,883.47	30.91%	895.20	8,244.16	9,139.36
1938	149,353.14	32.67%	1,851.40	7,466.68	9,318.08
1937	162,444.81	34.03%	2,928.35	12,995.57	15,923.92
1936	200,885.68	33.56%	9,238.97	16,070.87	25,309.84
1935	147,043.35	38.27%	8,468.73 -	- 0 -	8,468.73 -
1934	175,823.48	42.62%	16,870.46 -	22,042.83	5,172.37
	$2,732,752.43		$ 22,447.98 -	$ 153,436.04	$ 130,988.06

ENGLAND

	PLAYED AND EARNED	CORPORATION SHARE	PROFIT	FRANCHISE FEES	TOTAL PROFIT
1949 (9 Months)	$ 1,906,584.57	26.99%	$ 53,653.08	$ 144,562.91	$ 90,909.83
1948 (11 Months)	3,468,884.81	21.96%	158,545.21	218,146.23	376,691.04
1947	3,921,578.35	24.92%	553,273.55	297,249.00	850,522.55
1946	5,336,652.61	22.94%	3,950.28	541,327.81	537,377.53
1945	7,281,398.71	24.11%	176,121.86	800,185.85	976,307.71
1944	5,213,639.94	25.84%	36,444.86	637,268.32	673,713.18
1943	6,197,755.41	24.86%	90,483.93	774,719.46	865,203.39
1942	7,375,975.86	23.46%	118,746.35	921,996.99	1,040,743.34
1941	7,177,811.13	24.84%	144,512.40	837,226.37	1,041,738.77
1940	4,928,152.39	25.11%	8,445.39	616,019.02	624,464.41
1939	6,466,502.98	25.16%	50,683.75	808,312.89	858,996.64
1938	8,227,212.35	25.54%	85,479.86	1,028,401.51	1,113,881.37
1937	6,951,504.57	30.00%	251,843.91	868,935.89	1,120,779.80
1936	7,658,629.65	30.00%	415,119.10	957,328.04	1,372,447.14
1935	8,157,803.29	30.00%	565,052.09	1,019,670.68	1,584,722.77
1934	7,780,747.16	30.10%	440,757.95	965,234.06	1,405,992.01
	$98,050,833.78		$3,037,906.85	$11,496,555.03	$14,534,491.88

DIVIDENDS PAID TO PARENT COMPANY

1948	$ 161,000.00
1946	181,125.00
1945	241,500.00
1944	100,625.00
1943	120,750.00
1942	140,875.00
1941	40,250.00
1938	279,139.50
1937	280,898.44
1936	426,936.03
1935	573,257.81
1934	586,408.52
	$3,132,765.30

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